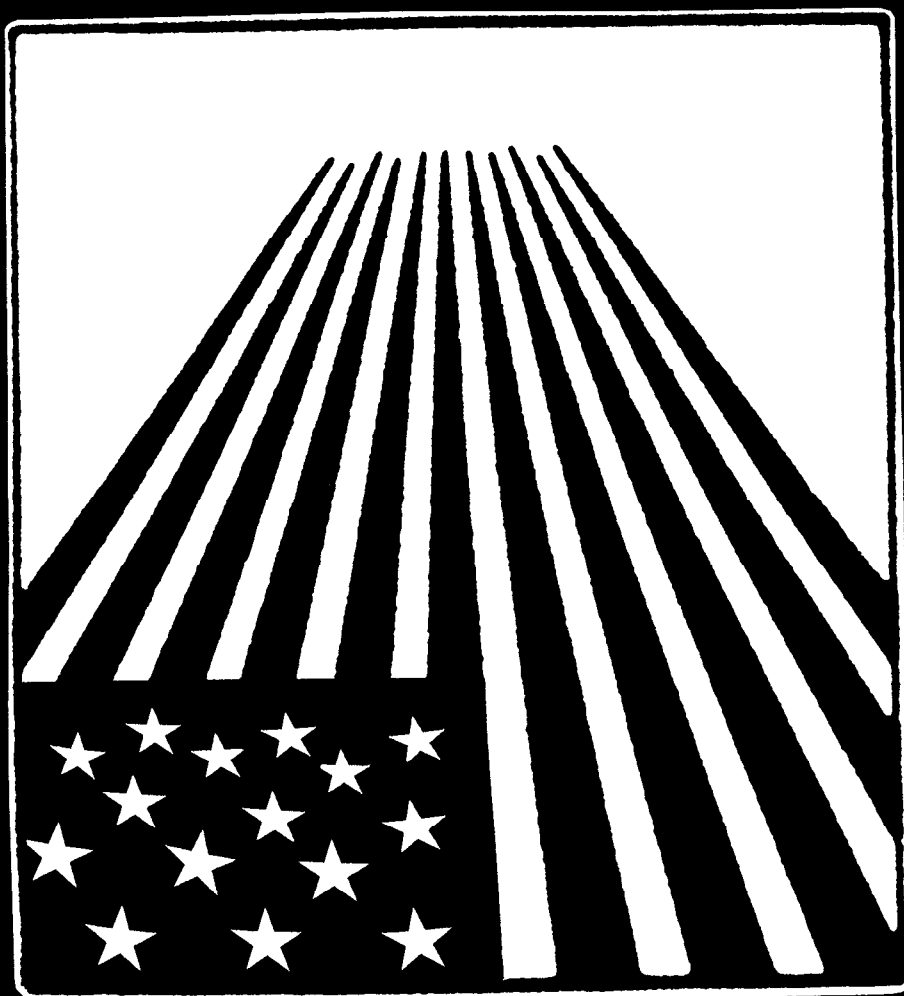


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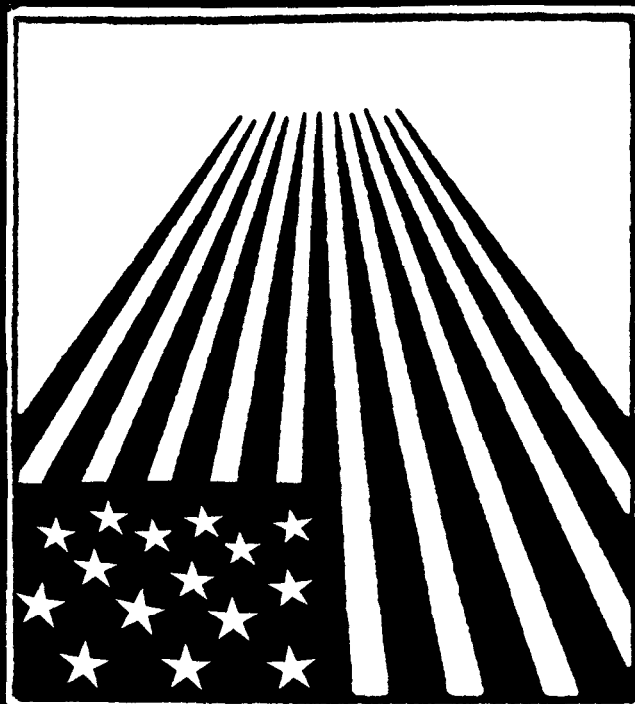
AGING AMERICA



Trends and Projections

1991 Edition

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Trends and Projections

1991 Edition

Prepared by the U.S. Senate Special Committee on Aging,
the American Association of Retired Persons,
the Federal Council on the Aging, and
the U.S. Administration on Aging.

Preface

One of the most dramatic changes occurring in our nation is the aging of our population. Increasing numbers of older people present enormous opportunities and challenges to all components of our society—individuals, families, business, government, and volunteer groups.

Today's older Americans, as a group, live longer, healthier, and financially more secure lives than did their parents or grandparents. They are clearly the beneficiaries of successful federal programs, such as Social Security, Medicare, Medicaid, and the Older Americans Act, that have helped to reduce the poverty, poor health, and inadequate living conditions that were widespread five decades ago.

But while the overall status of the elderly has improved, serious problems remain that prevent many older Americans from enjoying a healthy, financially secure retirement. Despite lower poverty rates for the elderly as a group, a substantial portion of older people continues to live just above the poverty line. Elderly women living alone remain at great risk for impoverishment. In addition, poverty rates for most minority subgroups are double and triple the poverty rate for whites. At the same time, the rising cost of health care threatens to erode the economic gains of recent years. With longer life spans, serious health problems are often deferred or extended, leading to medical and long-term care costs that are financially devastating for many older people and their families.

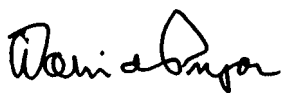
Even greater challenges lie ahead for our nation, brought on by the rapid aging of our population. In **40** years, when the post-war "baby boom" generation matures, one-third of our population will be over age 55. The need for hospital care will have more than doubled. And, the number of people most vulnerable to physical limitations—those over 85—will have nearly tripled.

Every segment of our society will be influenced by the needs, resources, and expertise of our older citizens, and will need to respond appropriately. We must work together to provide options that allow older people to live independently and work in dignity in their own communities as long as possible. And we must find ways to make the most of the talents and experience of older Americans,

To meet today's challenges and those of the future, we need timely and reliable information on the status of older Americans and the aging of our population. Therefore, we are particularly pleased to offer this updated edition of ***Aging America: Trends and Projections***. This report provides background information on the status of aging in America. The data presented provide a broad overview of the health, income, employment, housing, and social characteristics of today's older population.

This 1991 edition of ***Aging America*** was prepared with the assistance of the staff of the Senate Special Committee on Aging; Mr. Donald G. Fowles, U.S. Administration

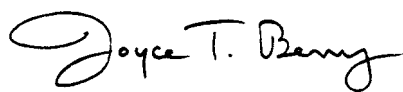
on Aging; and the staff of the American Association of Retired Persons, especially the Public Policy Institute. Eileen Barthelmy of AARP provided extensive technical support to the final publication, The Commonwealth Fund, a national philanthropy, provided financial support for the development of the chapters on Elderly People Who Live Alone and on Long-Term Care. We hope its readers will find this report useful and informative.



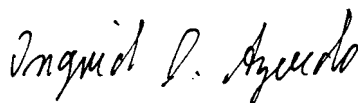
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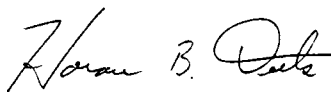
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Contents

	Page
Preface	ii
Contents	iv
List of Charts and Tables	vii
Introduction	xix
Chapter 1. Size and Growth of the Older Population..	1
Age Distribution	2
Race and Ethnicity	14
Sex Ratios	17
Support Ratios	18
Life Expectancy	20
Veterans	25
Geographic Distribution and Mobility	27
Chapter 2. Economic Status	37
Median Cash Income	38
Poverty Status	41
Age and Income	43
Sex, Marital Status, and Income	46
Race and Income	51
Sources of Income, Residence, Education, and Other Factors	54
Trends in Income and Poverty: 1960-1974	56
Trends in Income and Poverty: 1974-1989	61
Composition of Income	62
Trends in Composition of Income	64
The Elderly Poor Rely Heavily on Social Security	69
Noncash Economic Resources	69
In-Kind Benefits	69
Assets	71
Net Worth is Low for Unmarried Individuals and Minorities	77
Consumption Patterns	79
Chapter 3. Retirement Trends and Labor Force Participation	85
Lifetime Distribution of Education, Work, and Retirement	86
Retirement	90

	Page
Labor Force Participation.....	91
Part-Time Work.....	102
Unemployment	104
Chapter 4. Health Status and Health Services Utilization...	107
Self-Assessment of Health	108
Personal Health Habits..	111
Chronic Conditions and Health Problems	112
Mortality	118
Health Services Utilization..	123
Health Insurance Coverage	131
Health Care Expenditures	133
Health Insurance Coverage for Low-Income Elderly	142
Chapter 5. Long-Term Care	143
Long-Term Care Population	144
Health and Functional Status	150
Informal Care	156
Use of Nursing Home Services	162
Use of Community Services	168
Veterans and Long-Term Care	170
Financing Long-Term Care	172
Spousal Impoverishment	180
Chapter 6. Social Characteristics	181
Marital Status and Living Arrangements..	183
Education.....	189
Housing.....	194
Voting	201
Volunteering	204
Chapter 7. Elderly People Who Live Alone	207
Living Arrangements of the Elderly	208
Living Alone Increases with Age	212
Women Are More Likely to Live Alone..	214
Living Alone, by Racial or Ethnic Origin	215
Many Who Live Alone are Poor	216
The Rate of Poverty Increases with Age	220
Most Minorities Who Live Alone are Poor or Near-Poor	221
Poverty Among Rural Elderly People Who Live Alone	222
Housing Costs of Elderly People Living Alone	223

	Page
Health Status of Older People Living Alone	224
Chronic Illness Among Elderly People Who Live Alone.....	226
Help for Elderly People Who Live Alone	233
Chapter 8. Federal Outlays Benefiting the Elderly.....	237
Most Federal Spending for the Elderly is for	
Social Security and Medicare	240
Costs to Individuals and Families	241
Long-Term Financing	242
Chapter 9. International Comparisons	247
Age Distribution	249
Employment	260
Economic Status	262
Expenditures.. ..	265
Conclusion.. ..	272

List of Charts and Tables

Page

Chapter 1. Size and Growth of the Older Population

Charts:

Chart 1-1	U.S. Population, by Age and Sex: 1950, 1989, and 2030	4
Chart 1-2	Median Age of the Population: 1950-2050..	6
Chart 1-3	Population Age 55+, by Age Group: 1900-2050	8
Chart 1-4	Percent of Children and Elderly in the Population: 1900, 1980, and 2030	9
Chart 1-5	Projected Growth in Population, by Age Group: 1980-2050	11
Chart 1-6	Actual and Projected Increase in the 85+Population: 1900-2050	12
Chart 1-7	85+ Population as a Percent of 65+ Population: 1900-2050	13
Chart 1-8	Growth of the Minority Elderly Population: 1990-2050	16
Chart 1-9	Number of Men per 100 Women, by Age Group: 1989.....	17
Chart 1-10	Young, Elderly, and Total Support Ratios: 1900-2050..	19
Chart 1-11	Gap in Life Expectancy for Men and Women: 1950-2050	22
Chart 1-12	Percent Surviving from Birth to Age 65 and 85, by Sex and Race: 1900-1902 and 1987	24
Chart 1-13	Estimates and Projections of the Elderly Veteran Population, by Age: 1980-2040	26
Chart 1-14	Percent Increase in Population 65+: 1980-1989	29
Chart 1-15	People 65+ as Percentage of Total Population: 1989	30

Tables:

Table 1-1	Distribution of the Population, by Age Groups: 1989.....	3
Table 1-2	Actual and Projected Growth of the Older Population: 1900-2050	7
Table 1-3	Alternative Projections of Life Expectancy and Population Age 65+: 2040	10
Table 1-4	Population by Age, Race, and Hispanic Origin: 1989	15
Table 1-5	Young, Elderly, and Total Support Ratios: 1900-2050	18
Table 1-6	Life Expectancy at Birth and Age 65, by Race and Sex: 1900-1987	20
Table 1-7	Projected Life Expectancy at Birth and Age 65, by Sex: 1990-2050	23
Table 1-8	Rank Order of States, by Selected Characteristics of the 65+ Population: 1989.....	28

	Page
Table 1-9 Projections of the 65+ Population, by State: 2010.....	32
Table 1-10 Percent Change in Population, by Age Group, for Regions and Divisions: 1980-1989.....	34

Chapter 2. Economic Status

Charts:

Chart 2-1 Median Income of Families and Unrelated Individuals: 1989	39
Chart 2-2 Distribution of Money Income of Elderly and Nonelderly Families: 1987	40
Chart 2-3 Percent of Elderly and Nonelderly Below and Near Poverty: 1989	42
Chart 2-4 Median Income of Older Families and Unrelated Individuals, by Age Group: 1989.....	43
Chart 2-5 Older People Below and Near Poverty Level, by Age Group: 1989	44
Chart 2-6 Income of Older Families and Unrelated Individuals, by Age of Head: 1989	45
Chart 2-7 Median Income of Elderly Men and Women, by Marital Status: 1989	47
Chart 2-8 Income of Older Unrelated Individuals, by Age: 1989..	49
Chart 2-9 Income of Older Families, by Age of Head: 1989	50
Chart 2-10 Median Income of Elderly Men and Women, by Race and Hispanic Origin: 1989	52
Chart 2-11 Percent of Elderly Below the Poverty Level, by Selected Characteristics: 1989	55
Chart 2-12 Poverty Rates of Elderly and Nonelderly Adults: 1966-1989	57
Chart 2-13 Median Income of Elderly and Nonelderly Families in 1989 Dollars: 1967-1989	59
Chart 2-14 Income Sources of Units Age 65+: 1988..	63
Chart 2-15 Source of Income for Married Couples 65+: 1976-1988..	65
Chart 2-16 Source of Income for Unmarried People 65+: 1976-1988	67
Chart 2-17 Median Net Worth, by Age Group: 1988	72
Chart 2-18 Distribution of Elderly (65+) Households, by Net Worth: 1988	74
Chart 2-19 Distribution of Total Net Worth, by Asset Type for Older Households: 1988..	76
Chart 2-20 Median Net Worth for Elderly (65+) Households, by Type of Household and Race and Hispanic Origin of Householder: 1988	78

	Page
Chart 2-21	Distribution of Expenditures, by Type of Expenditure and Age of Reference Person: 1989 81
Chart 2-22	Type of Health Care Expenditures for Consumer Units, by Age of Reference Person: 1989..... 84
Tables:	
Table 2-1	Median Income of Families and Unrelated Individuals: 1989..... 39
Table 2-2	Elderly and Nonelderly People, by Ratio of Income to Poverty: 1989..... 41
Table 2-3	Percent of Older People, by Ratio of Income to Poverty Level, by Age and Sex: 1989..... 46
Table 2-4	Median Income of People Age 65+, by Marital Status: 1989..... 48
Table 2-5	Median Income of People Age 65+, by Age, Race, Hispanic Origin, and Sex: 1989..... 51
Table 2-6	Number and Percent of Elderly Below Poverty, by Race, Hispanic Origin, Sex, and Living Arrangement: 1989 53
Table 2-7	Poverty Rates for Elderly and Nonelderly Adults: 1966-1989 58
Table 2-8	Median Family Income of Elderly and Nonelderly Families: 1965 to 1989 60
Table 2-9	Percent Distribution of Aggregate Income, by Source for Units, by Marital Status: 1976-1988 66
Table 2-10	Percent of Total Unit Income from Various Sources, by the Ratio of Total Income to the Poverty Threshold, for Units Age 65+: 1989 68
Table 2-11	Percent Distribution of Units 65+, by Number and Sources of In-Kind Benefits, Marital Status, and Sex: 1984..... 70
Table 2-12	Median Net Worth and Monthly Household Income, by Age of Householder: 1988..... 71
Table 2-13	Distribution of Households, by Age and Net Worth: 1988 73
Table 2-14	Distribution of Net Worth, by Age of Householder and Type of Asset: 1988 75
Table 2-15	Median Net Worth for Elderly (65+) Households by Type of Household and Race and Hispanic Origin of Householder: 1988 and 1984..... 77
Table 2-16	Average Annual Expenditures of Consumer Units, by Type of Expenditure and Age of Reference Person: 1989..... 79
Table 2-17	Health Care Expenditures of Consumer Units, by Type of Expenditure and Age of Reference Person: 1989..... 83

Chapter 3. Retirement Trends and Labor Force Participation

Charts:

Chart 3-1	Lifecycle Distribution of Major Activities (Men): 1900-1980....	88
Chart 3-2	Lifecycle Distribution of Major Activities (Women): 1900-1980	89
Chart 3-3	Labor Force Participation Rates for Older People, by Age, Sex, and Race: 1989	92
Chart 3-4	Percent of Older Men and Women in the Labor Force, by Age: 1989	93
Chart 3-5	Labor Force Participation of Older Men and Women, by Age: 1950-1989	95
Chart 3-6	Occupation of Employed Older Workers, by Age: 1989	100
Chart 3-7	Employment Status of Displaced Workers, by Age: January 1990	106

Tables:

Table 3-1	Lifecycle Distribution of Education, Labor Force Participation, Retirement, and Work in the Home: 1900-1980	87
Table 3-2	Labor Force Participation for Older People, by Age and Sex: 1989	91
Table 3-3	Labor Force Participation Rates for Older People, by Age, Sex, and Race: 1989	91
Table 3-4	Civilian Labor Force Participation Rates for Older People, by Age and Sex: 1950-1989	95
Table 3-5	Moderate Growth Projections of the Civilian Labor Force, by Age and Sex: 2000	97
Table 3-6	Civilian Labor Force Participation Rate, by Age and Sex: 1950-1988, and Projected for 2000	97
Table 3-7	Industry of Employed Older Workers, by Age: 1989	98
Table 3-8	Occupation of Employed Older Workers, by Age: 1989	99
Table 3-9	Full- or Part-Time Status of Workers 45+ in Nonagricultural Industries, by Sex and Age: Selected Years, 1960 to 1989	102
Table 3-10	Unemployment of Older People, by Age and Sex: 1989	104

Chapter 4. Health Status and Health Services Utilization

Charts:

Chart 4-1	Self-Assessment of Health by Income for People 65+: 1989	110
Chart 4-2	The Top Ten Chronic Conditions for People 65+: 1989	113
Chart 4-3	Percent of People 65+ with Probable Alzheimer's Disease, by Age Group	116
Chart 4-4	Suicide Rates for People 65+, by Age and Race: 1987	117
Chart 4-5	Percent Decline in Death Rates for Older People, by Age and Sex: 1950-1989	118
Chart 4-6	Death Rates for Leading Causes of Death for People Age 75 to 84: 1950-1989	121
Chart 4-7	The Top Causes of Death Among Older People: 1988	122
Chart 4-8	Trends in Hospital Usage by People 65+: 1965-1988	125
Chart 4-9	Duration of Stay by the Elderly in Short-Stay Nonfederal Hospitals, by Age: 1987	126
Chart 4-10	Personal Health Care Expenditures for the Elderly, by Source of Payment: 1987	136
Chart 4-11	Where the Medicare Dollar for the Elderly Goes: 1987	137
Chart 4-12	Where the Medicaid Dollar for the Elderly Goes: 1989	139
Chart 4-13	Where the Private Health Care Dollar for the Elderly Goes: 1987	140
Chart 4-14	Health Insurance Coverage for Low-Income People Age 65+: 1989	142

Tables:

Table 4-1	Number of Elderly People and Percent Distribution by Respondent-Assessed Health Status, by Sex and Family Income, 1989 . . . *	109
Table 4-2	Personal Health Characteristics for People 18+: 1985 . . . *	112
Table 4-3	Top Ten Chronic Conditions for People 65+, by Age and Race: 1989	113
Table 4-4	Death Rates for Older People, by Age, Sex, and Race: Selected Years, 1950-1989	119
Table 4-5	Death Rates for Ten Leading Causes of Death Among Older People, by Age: 1988	120
Table 4-6	Trends in Hospital Usage by People 65+: 1965-1988	124

	Page
Table 4-7 Utilization Of Short-Stay Hospitals for Selected Age Groups: 1987	126
Table 4-8 Hospital Discharges of People 65+, by First Listed and All Listed Diagnostic Categories: 1987	127
Table 4-9 Number of Physician Contacts and Interval Since Last Physician Contact, by Age: 1989	128
Table 4-10 Projected Physician Visits and Percent Change in Visits for Years 2000 and 2030	129
Table 4-11 Health Care Coverage for People 65+, According to Type of Coverage and Selected Characteristics: 1980, 1984, and 1989	132
Table 4-12 Percent Distribution of Personal Health Care Expenditures, by Source of Funds for People 65+, by Type of Service: 1987	133
Table 4-13 Percent Distribution of Personal Health Care Expenditures, by Type of Service for People 65+, by Source of Funds: 1987	134
Table 4-14 Aggregate Personal Health Care Expenditures for People 65+, by Type of Service and Source of Funds: 1987	134
Table 4-15 Per-Capita Personal Health Care Expenditures for People 65+, by Source and Service: 1987	135

Chapter 5. Long-Term Care

Charts:

Chart 5-1 Living Arrangements of Impaired People Age 65+: 1990-2020	147
Chart 5-2 Income Distribution of People Age 65+ by Impairment Status: 1990	148
Chart 5-3 People Age 65+ in Need of Long-Term Care: 1980-2040	149
Chart 5-4 People Age 65+ with ADL Limitations, by Type of Limitation: 1987	152
Chart 5-5 ADL Limitations of People Age 65+, by Number of Limitations: 1987	155
Chart 5-6 Caregivers and Their Relationship to the Elderly * Care Recipient: 1982	158
Chart 5-7 Tasks Performed by Caregivers: 1982	159
Chart 5-8 Type of Help Received by People Age 70+ with ADL Limitations: 1986	160
Chart 5-9 People Age 70+ with ADL Limitations Who Received No Help (Paid or Unpaid) by Income Level: 1986	161
Chart 5-10 Nursing Home Residents Who Required Assistance, by Age and Activity: 1985	164

	Page
Chart 5-11 Nursing Home Residents Age 65+, by Level of Impairment: 1990-2020	166
Chart 5-12 Community Services Used by the Older Population: 1984.....	168
Chart 5-13 Use of Community Services, by Presence of Impairment, for People Age 65+: 1990-2020	169
Chart 5-14 The Aging Veteran Population: 1980-2040	170
Chart 5-15 VA Nursing Home Census: FY 1988-2010	171
Chart 5-16 Projected Nursing Home Expenditures for People Age 65+, by Source of Payment: 1990-2020	173
Chart 5-17 Projected Home Care Expenditures for People Age 65+, by Source of Payment: 1990-2020	174
Chart 5-18 Income Distribution of Impaired People Age 65+: 1990-2020	177
Chart 5-19 Asset Distribution of Impaired People Age 65+: 1990-2020	179
Tables:	
Table 5-1 Demographic Characteristics of Impaired People Age 65+: 1990	145
Table 5-2 Living Arrangements of Impaired People Age 65+: 1990.....	146
Table 5-3 Functional Status of the Noninstitutionalized Population Age 65+: Estimates of People with ADL and Mobility Difficulties, as a Percent of the Total U.S. Population Age 65+: 1987	151
Table 5-4 Functional Status of the Noninstitutionalized Population Age 65+: Estimates of People with IADL Difficulties, as a Percent of the Total U.S. Population Age 65+: 1987	153
Table 5-5 Estimates of ADL/IADL Difficulties of the Noninstitutionalized U.S. Population Age 65+, by Selected Demographic Characteristics: 1987	154
Table 5-6 Percent Distribution of Caregivers and Days of Care for People 65+ with Limitations in Activities of Daily Living, by Relationship to Recipient: 1982.....	156
Table 5-7 Selected Characteristics of Nursing Home and Community Residents Age 65+: 1985 and 1984	163
Table 5-8 Nursing Home Length of Stay Probabilities, by Age of Entry and Marital Status.....	165
Table 5-9 Percent of Elderly Nursing Home Residents with Cognitive Impairment, by Age, Sex, and Race: 1985	167
Table 5-10 Projected Nursing Home Expenditures for People Age 65+, by Source of Payment in 1990, 2005, and 2020	172

	Page
Table 5-11	Projected Home Care Expenditures for People Age 65+, by Source of Payment in 1990, 2005, and 2020 174
Table 5-12	Expected Role of Private Long-Term Care Insurance 175
Table 5-13	Projected Income Distribution of Impaired People Age 65+, as a Proportion of the Poverty Level 176
Table 5-14	Projected Asset Distribution of Impaired People Age 65+ 178

Chapter 6. Social Characteristics

Charts:

Chart 6-1	Percent of Older Men and Women Widowed, by Age, Race, and Hispanic Origin: 1989 185
Chart 6-2	Living Arrangements of Elderly People, by Race and Hispanic Origin: 1989 188
Chart 6-3	Median Years of School for People 25+ and 65+: 1950-1989 190
Chart 6-4	Educational Attainment, by Age: 1989 I..... 191
Chart 6-5	Monthly Housing Costs as Percentage of Income, by Age and Tenure of Householder: 1987 196
Chart 6-6	Percent Who Reported Voting, by Age Group: 1988..... 202
Chart 6-7	Type of Organization for Which Volunteer Work was Performed, by Age Group: May 1989 205

Tables:

Table 6-1	Marital Status of Older People, by Age, Sex, Race, and Hispanic Origin: March 1989 184
Table 6-2	Living Arrangements of Older People, by Age, Sex, Race, and Hispanic Origin: March 1989 187
Table 6-3	Selected Measures of Educational Attainment for People Age 25+ and 65+: 1950-1989 189
Table 6-4	Measures of Educational Attainment, by Age Group, Sex, Race, and Hispanic Origin: March 1989 192
Table 6-5	Educational Attainment of People Age 65+ in the United States and by Regions: 1987 193
Table 6-6	Monthly Housing Costs as a Percentage of Income, by Tenure and Age of Householder: 1987 195
Table 6-7	Households Exceeding HUD Standard for Housing Costs, by Age and Tenure of Householder: 1987 197
Table 6-8	Housing Tenure of Aged Families and Unrelated Individuals, by Poverty Status: 1988 199
Table 6-9	Number and Percentage of People Who Reported Voting in National Elections, by Age Group: 1980-1988 201

	Page
Table 6-10	Percent of Older People Who Reported Voting in Elections, by Age, Sex, Race, and Hispanic Origin: 1984, 1986, and 1988
	203
Table 6-11	Characteristics of Unpaid Volunteer Workers, by Age Group: May 1989.....
	204

Chapter 7. Elderly Living Alone

Charts:

Chart 7-1	Living Arrangements of People Age 65+: 1989	209
Chart 7-2	Projected Increase in Number of People 65+ Living Alone: 1990-2020	210
Chart 7-3	Proportion of Older People Living Alone Increases with Age: 1989.....	212
Chart 7-4	Projected Increase in Number of Elderly People Living Alone, by Age: 1990-2020	213
Chart 7-5	Older People Living Alone, by Age and Sex: 1989.....	214
Chart 7-6	Percent of Elderly People Living Alone, by Race and Hispanic Origin: 1989	215
Chart 7-7	Projected Growth in Number of Minority Elderly People Living Alone: 1990-2020	216
Chart 7-8	Economic Status of People 65+ Living Alone or With Others: 1990.....	217
Chart 7-9	Projected Economic Status of Elderly People Living Alone: 1990-2020	218
Chart 7-10	Number of Elderly People Living Alone Below Poverty, by Sex: 1990-2020	219
Chart 7-11	Percent Below Poverty and Near Poverty Levels in 1989 for People Age 65+ Living Alone, by Age	220
Chart 7-12	Percent Below Poverty and Near-Poverty Levels in 1989 for People Age 65+ Living Alone, by Race: 1989	221
Chart 7-13	Percent Below Poverty and Near-Poverty Levels in 1989 for People Age 65+, by Type of Residence	222
Chart 7-14	Percent of Elderly People Living Alone Who Have Excessive Housing Costs, by Tenure and Sex: 1987	223
Chart 7-15	Proportion of People 65+ Living Alone Who are in Fair or Poor Health, by Poverty Status: 1990.....	224
Chart 7-16	Number of Elderly People Living Alone Who Report Poor or Fair Health, by Race and Hispanic Origin: 1990-2020	225
Chart 7-17	Proportion of People 65+ Living Alone Who Have Selected Chronic Health Problems, by Poverty Status: 1990	226

	Page
Chart 7-18	Number of People 65+ Living Alone Who Have Selected Chronic Health Problems: 1990-2020..... 227
Chart 7-19	Number of People Age 65+ Having Difficulty with Daily Activities: 1990-2020 228
Chart 7-20	Type of Help Received Among People Age 65+ with Activity Limitations, by Living Arrangement: 1990 229
Chart 7-21	Growth in Number of People 65+ Living Alone Who Are Unable to Perform One or More Daily Activity: 1990-2020 230
Chart 7-22	Type of Help Received by People Age 65+ Living Alone and Unable to Perform at Least One Daily Activity: 1990 231
Chart 7-23	Sources of Help for Elderly People, by Living Arrangement: 1990..... 232
Chart 7-24	Proportion of People 65+ Living Alone, with a Child Who Lives Nearby, by Race and Hispanic Origin: 1990..... 233
Chart 7-25	Proportion of People 65+ Living Alone, with No Living Children, by Race and Hispanic Origin: 1990..... 234
Chart 7-26	Proportion of People 65+ Living Alone, with No Living Child or Sibling: 1990..... 235
Chart 7-27	Proportion of People Age 65+ Living Alone Who Use Community Services, by Age Group and Poverty Status: 1990 236

Tables:

Table 7-1	Living Arrangements of People Age 65+: 1989..... 211
-----------	---

Chapter 8. Federal Outlays Benefiting the Elderly**Charts:**

Chart 8-1	Federal Outlays Benefiting the Elderly: 1991 238
Chart 8-2	Historic and Projected Fund Ratios for OASDI (Old-Age and Survivors Insurance and Disability Insurance) Trust Funds Under Alternative Assumptions: 1960-2065..... 244
Chart 8-3	Short-Term Hospital Insurance Trust Fund Ratios 245

Tables:

Table 8-1	Federal Outlays Benefiting the Elderly: 1990-1991..... 239
Table 8-2	Federal Pension and Health Programs as a Percentage of GNP and the Budget: 1965-2040..... 242

Chapter 9. International Comparisons

Charts:

Chart 9-1	Percent of Population Age 65+ in Selected Countries: 1990 and 2025	251
Chart 9-2	Average Annual Growth Rate of Population Age 65 to 79 for Selected Countries: 1990-2005 and 2005-2025	253
Chart 9-3	Percent of Population Age 80+ in Selected Countries: 1990 and 2025	255
Chart 9-4	Ratio of Oldest Old (80+) to Total Aged Population (65+) in Selected Countries: 1990 and 2025	257
Chart 9-5A	Labor Force Participation Rates for Men Age 60 to 64 and 65+ in Selected Countries: 1988 * * * *	261
Chart 9-5B	Labor Force Participation Rates for Women Age 60 to 64 and 65+ in Selected Countries: 1988	261
Chart 9-6	Composition of Gross Income of Families with Heads Ages 65 to 74 in Selected Countries: 1979-1981	264
Chart 9-7	Government and Private Social Expenditures, as a Percentage of Gross Domestic Product for Selected Countries, by Type of Expenditure: 1980	267
Chart 9-8	Annual Growth Rate in Real Government Pension Expenditures, for Selected Countries: 1960-1980 and 1980-2025	269
Chart 9-9	Actual and Projected Real Government Expenditures on Medical Care for Selected Countries: 1980, 2000, and 2025	271

Tables:

Table 9-1	Countries with More than Five Million Elderly (65+) and One Million Oldest Old (80+): 1990	249
Table 9-2	Population Age 65+ and Age 80+ in Selected Countries: 1990 and 2025	250
Table 9-3	Average Annual Growth Rates of the Elderly Population, by Age in Selected Countries: 1990- 2005 and 2005-2025	252
Table 9-4	Ratio of Oldest Old (80+) to Total Aged Population (65+) in Selected Countries: 1990 and 2025	256
Table 9-5	Expectancy of Life at Birth, by Sex and Differential for Selected Countries: 1990	258
Table 9-6	Sex Ratio of the Population, by Age in Selected Countries: 1990 and 2025	259

	Page
Table 9-7	Labor Force Participation Rates for Men and Women Age 60 to 64 and 65+ in Selected Countries: 1988
	260
Table 9-8	Composition of Gross Income of Elderly Families, by Age of Head and Income Type in Selected Countries: 1979-1981
	263
Table 9-9	Support Ratios for Selected Countries: 1990 a.....
	265
Table 9-10	Social Expenditures as a Percentage of Gross Domestic Product for Selected Countries, by Type of Expendi- ture: 1980
	266
Table 9-11	Annual Growth Rate in Real Government Pension Expenditures for Selected Countries: 1960-1980 and 1980-2025
	268
Table 9-12	Projected Increases in Real Government Expenditures on Medical Care for Selected Countries: 2000 and 2025
	270
Table 9-13	Population 65+ as Percent of Total Population, for Major World Regions
	273

Introduction

America is growing older. One of the most significant demographic facts affecting America's present and future course is the aging of its population. The number of people age 65+ is growing more rapidly than the rest of the population.

A quick overview of this surge in the older population highlights such facts as:

SIZE AND GROWTH OF THE OLDER POPULATION

- At the beginning of the twentieth century, fewer than 1 in 10 Americans was age 55+, and only 1 in 25 was age 65+. By 1989, 1 in 5 Americans was at least 55 years old, and 1 in 8 was at least 65.
- The projected growth in the older population is expected to raise the median age of the U.S. population to 36 by the year 2000, to 4.2 by the year 2030, and to 43 by the year 2040.
- Between 1989 and 2030, the 65+ population is expected to more than double.
- In 1900, 4 percent of the population was age 65+, while people under age 18 made up 40 percent of the population. By 1980, the proportion of the 65+ population had increased to 11 percent, and the proportion of young people had decreased to 28 percent.
- By the year 2030, there will be proportionately more elderly than young people in the population: 22 percent of the population will be 65+, and 21 percent will be under age 18.
- The population age 85+ is expected to more than triple in size between 1980 and 2030, and to be nearly seven times larger in 2050 than in 1980.
- Between 1989 and 2050, the population age 85+ is expected to jump from about 1 to 5 percent of the total population and from 10 to 22 percent of the 65+ population.
- More people are surviving into their 10th and 11th decades, The Census Bureau estimates that there were about 61,000 people 100 years or older in 1989, and that there will be over 100,000 by 2000.
- In 1989, 13 percent of whites were age 65+, compared with only 8 percent of blacks, 7 percent of people of other races, and 5 percent of Hispanics.
- The ratio of women to men varies dramatically with age. Men slightly outnumbered women in all age groups under 35 in 1989, but in the 65+ age group, there were 18.3 million women and only 12.6 million men. Elderly women now outnumber elderly men by three to two.
- In 1989, there were 84 men between the ages of 65 to 69 for every 100 women in the same age group. Among those 85+, there were only 39 men for every 100 women.
- In 1900, there were about 7 elderly people for every 100 people of working age. As of 1990, the ratio was about 20 for every 100. By 2020, the ratio will have risen to about 29 per 100, after which it will rise rapidly to 38 per 100 by 2030.
- Life expectancy at birth differs by race, with whites living longer than blacks. The higher rate of low income and poverty among blacks affects life styles and access to quality medical care, both of which have an impact on mortality and life expectancy.

- Blacks have an infant mortality rate double the rate for whites; blacks also die much more frequently than whites from certain preventable causes, such as homicides and accidents.
- Life expectancy for blacks is less than that for whites at all ages until about 80, although differences by race at age 65 are substantially smaller and have been for decades. If blacks live to age 65, their life expectancy is much closer to whites than it was at birth.
- The number and proportion of older veterans is increasing. In 1980, more than 1 in 4 of all American men age 65+ were veterans. By the year 2000, three-fifths of all elderly men will be veterans and eligible for veterans' benefits.
- The proportion of veterans in the 65+ male population will decrease after the turn of the century: by 2010, under half of elderly men will be veterans; by 2030, only one-fifth will be veterans.
- Over 95 percent of all veterans are men, but the number of aged women veterans is expected to double between 1980 and the early 1990s. At the turn of the century, only 4.4 percent of all aged veterans will be women.
- In 1989, 52 percent of the country's older population lived in nine states: California, New York, Florida, Pennsylvania, Texas, Illinois, Ohio, Michigan, and New Jersey. Each of these states had over one million people age 65+.
- Older people tend to stay where they have spent most of their adult lives. Between March 1986 and March 1987, only 5 percent of older people moved, in contrast to 35 percent of 20- to 24-year-olds and 18 percent of people of all ages.
- The average suburban population in 1980 was 11.8 percent elderly. In 1980, for the first time, a greater number of older people lived in the suburbs than in central cities.

ECONOMIC STATUS

- In 1989, the median income of families with heads age 65+ was about \$22,806, about 63 percent of the median income of families age 25 to 64 (\$36,058)
- In 1989, the median income of elderly people not living in families was \$9,422, about 46 percent that of comparable people age 25 to 64 (\$20,277).
- The distribution of money income varies significantly among the elderly. In 1989, 70 percent of people age 65+ had incomes below \$15,000, compared with only 37 percent of those age 45 to 54.
- In 1989, 11.4 percent of people age 65+ were below the poverty level, compared with 10.2 percent of those age 18 to 64, and 13.0 percent of all people under age 65.
- In 1989, the median cash income of families age 85+ was less than three quarters of the median cash income of families age 65 to 74. The median income for unrelated individuals age 85+ was about 73 percent of the income of unrelated individuals age 65 to 74.
- Only 7.8 percent of the men age 65+ were poor compared with 14.0 percent of the women. The oldest women were the poorest-1 in 5 women age 85+ was poor in 1989.
- The median income in 1989 of black women age 65+ was 65 percent that of white women; for Hispanic women of the same age, it was 64 percent that of white women.

-
- The highest poverty rates are associated with minority women living alone. In 1989, 3 of every 5 elderly black women living alone had incomes below the poverty level.
 - The poverty rate for the elderly was cut in half between 1966 (28.5 percent) and 1974 (14.6 percent). The poverty rate remained fairly stable throughout the mid-1970s and early 1980s—ranging between 14.0 and 15.7 percent, but then declined from 14.6 percent in 1982 to 11.4 percent in 1989.
 - The elderly depend more heavily on Social Security for their income than they do on any other source. In 1988, 38 percent of all income received by aged units came from Social Security, and 13 percent of aged units received all of their income from this source.
 - In recent years, a particularly steep decline in the role of earnings has been offset by an increase in the role of assets and pensions as a source of income. This shift was most pronounced for older couples between 1978 and 1984, when earnings dropped from 30 to 21 percent, while assets increased from 18 to 27 percent, and pensions grew from 14 to 16 percent of total income.
 - Less than 1 percent of total family incomes for poor units is composed of earnings, compared with 11.7 percent of nonpoor units.
 - Social Security represents 79 percent of total income for poor units and approximately 36 percent for nonpoor units.
 - In-kind health benefits are of particular significance to the elderly since 95 percent of the noninstitutionalized elderly in 1989 were covered by Medicare hospital and physician insurance, and 6 percent were covered by Medicaid.
 - Energy assistance and food stamps were the most prominent in-kind benefits, going to 7 percent and 6 percent of the elderly, respectively.
 - Elderly households have greater assets than nonelderly households. The median net worth of households with a head age 65+ was \$73,471 in 1988, compared with a median net worth for all households (including elderly households) of \$35,752. The group with the largest median net worth was age 65 to 69 (\$83,478).
 - Although the elderly have more assets than the nonelderly, many elderly households have few or no assets. One-fourth of elderly households had a net worth of less than \$25,000, and one-seventh had a net worth below \$5,000 in 1988.
 - The largest portion of the net worth of the elderly is in the form of home equity. Three-fourths of older householders own their homes. About two-thirds of the total net worth of households of the elderly comes from the home.
 - Older people who do not live with a spouse have a significantly lower net worth than do older married couples. For example, older unmarried women who headed a household had a net worth in 1988 of \$47,233, only 38 percent of the median net worth of older married couples (\$124,419).
 - The elderly generally consume fewer goods and services than the nonelderly and spend slightly higher proportions of their budgets on essentials. People age 65+ spent 59 percent of their 1989 consumption dollars on housing, food, and medical care, compared with only 50 percent spent by younger households on these items.
 - The one service or commodity that the elderly spend more on in actual dollars and as a percentage of total expenditures than the nonelderly is health care.

- The major health expense for elderly households in 1989 was health insurance, including Medicare. Despite the fact that they had lower incomes and fewer household members, elderly units spent over twice as much as their younger counterparts on health insurance, prescription drugs and medical supplies.

RETIREMENT TRENDS AND LABOR FORCE PARTICIPATION

- The portion of life spent in retirement has increased substantially since 1900, when the average man lived **46.3** years and spent **1.2** years in retirement, to 1980, when he spent 13.6 years of his **70** years in retirement.
- Although men spent nearly seven more years in the labor force in 1980 than in 1900, their working lives accounted for a smaller proportion of their life span in 1980 (**55** percent) than in 1900 (69 percent).
- An historic increase has taken place in the proportion of time women spend working outside the home. Since 1900, the average number of years spent by women in the labor force has increased from 6.3 to 29.4 years, and from 13 percent of the life span to 38 percent.
- According to a 1987 study, **22** percent of older women and 24 percent of older men continued to work in retirement, in the sense that they were employed up to two years after first receiving Social Security retired-worker benefits.
- A 1986 study by the General Accounting Office showed the proportion of male pension recipients age **50** to 64 nearly doubled between 1973 and 1983.
- Workers age 55 to **64** make up 9.6 percent of the total U.S. labor force, while those age 65+ make up **2.8** percent. In 1989, about 11.9 million workers were age **55** to 64 (6.8 million men and 5.1 million women) and 3.4 million workers were 65+ (2.0 million men and 1.4 million women).
- The percentage of older men in the labor force has declined rapidly over the last 40 years. In 1950, 46 percent of all men age 65+ were in the labor force. This figure dropped to 33 percent by 1960, to 27 percent by 1970, and to 17 percent by 1989.
- The decrease in labor force participation includes men in their 50s. By 1989, the labor force participation rate among men age 55 to 59 had dropped to 79.5 percent, from the 1960 level of almost 92 percent.
- Labor force participation of older women has varied slightly. In 1950, 9.7 percent of women age 65+ were in the labor force, and in 1989, the percentage was 8.4 percent.
- Work force participation of women in the 55 to 64 age group has increased significantly. In 1950, only 27 percent of women in this age category were in the labor force, but by 1970, the proportion had risen to 43 percent.
- Historically, labor force participation for black women 65+ has been higher than for white women. In recent years, however, the rates have converged and less than two percentage points separated the two groups in 1989 (8.2 percent for elderly white women and 9.8 percent for elderly black women).
- Bureau of Labor Statistics projections indicate that by the year 2000, 9.8 million men and 7.6 million women age 55+ will be in the labor force -an overall increase of 1 million older men and 1.3 million older women participants since 1988.

- Not all age groups will increase their participation rates by the year 2000. In the 65+ age group, the rates for men are projected to drop to just under **15** percent, and those for women to 7.6 percent. By the turn of the century, this group may comprise 2.5 percent of the total labor force, down from 2.7 percent in 1988.
- Agricultural and blue-collar jobs have decreased in favor of white-collar and service occupations; by 1989, almost three-quarters of workers age 65+ were in the latter category. This shift from physically demanding jobs to those in which skills or knowledge are the important requirements may increase the potential for older workers to remain in the labor force longer.
- According to a 1981 nationwide poll by Lou Harris, about three-quarters of the labor force would rather continue some kind of paid part-time work after retirement. Seventy-four percent of workers age 55+ would prefer a job that allows a day or two a week at home, part-time work appealed to 80 percent, sharing a job with someone else appealed to 71 percent, and a flexible work schedule appealed to 57 percent.
- The unemployment rate for older workers is about half that of younger workers, but once they lose their jobs, older workers stay unemployed longer, suffer greater earnings losses in subsequent jobs, and are more likely to give up looking for work.

HEALTH STATUS AND HEALTH SERVICES UTILIZATION

- The elderly tend to view their health positively. A 1989 survey found that nearly 71 percent of elderly people living in the community described their health as excellent, very good, or good, compared with others their age.
- Income is directly related to one's perception of one's health. About 26 percent of older people with incomes over \$35,000 described their health as excellent, while only 10 percent of those with incomes below \$10,000 did.
- The elderly take better care of their health than the nonelderly. People age 65+ are less likely than the nonelderly to smoke, be overweight, drink, or report that stress has adversely affected their health. However, the elderly are far less likely to exercise regularly.
- The leading chronic conditions for the elderly in 1989 were arthritis, hypertension, hearing impairments, and heart disease. In most cases, the rates for these diseases increase with age.
- Heart disease, cancer, and stroke are the leading causes of death in the United States. Together they account for 7 of every 10 deaths among the elderly.
- Sex differences in heart disease mortality are dramatic. In 1987, the death rate for older white men from heart disease was 2,372 per 100,000, compared with 1,893 per 100,000 for white women.
- Alzheimer's disease is the leading cause of cognitive impairment in old age. Alzheimer's disease and other organic mental disorders affect 1 of every 10 older adults living in the community.
- On the average, people age 65+ visit a physician eight times a year, compared with five visits annually by the general population. They are hospitalized over three times as often, stay 50 percent longer, and use twice as many prescription drugs.
- The aging of the population will create a greater demand for physician care. The

demand for physician contacts will increase by 22 percent by the year 2000, and by 115 percent by 2030.

- People age 65+ account for more than one-third of the country's total personal health care expenditures. Per capita spending on health care for the elderly reached \$5,360 in 1987 representing, on average, an increase of 14% each year since 1977.
- Although Medicaid was designed to cover the poor and medically indigent, only one-third of poor elderly people are protected by Medicaid. Only 10 percent of the near-poor have Medicaid coverage.

LONG-TERM CARE

- This nation faces important decisions about the care of the elderly. In 1988, approximately 6.9 million older people needed long-term care. By the year 2000, the number will have increased to almost 9 million, and by 2040, the aging of the baby boom generation is projected to increase the population needing long-term care to 18 million.
- In 1990, approximately 30 million people living in the community were age 65+, of whom 4.3 million experienced difficulties in one or more activity of daily living, such as the ability to walk, bathe, leave the house, transfer from a bed or chair, dress, use the toilet, and eat.
- The rate of nursing home use by the elderly has almost doubled since the introduction of Medicare and Medicaid in 1966, from 2.5 to 5 percent of the population age 65+.
- It is likely that the number of nursing home residents will continue to increase, primarily because of growth in the proportion of people age 85+. Current projections indicate that from 1990 to the year 2005, the nursing home population will increase from 1.5 million to 2.1 million, and increase again to 2.6 million by 2020.
- During 1990, about 1.5 million impaired older people used some type of community service at least once. By the year 2020, 2.4 million impaired older people will use such services.
- As more of the country's veterans reach age 65, the Department of Veterans Affairs will face increased medical care demands. In 1988, 6.4 million veterans age 65+ were potential users of the system; by the year 2000, the number is projected to reach 8.5 million.
- Home health care expenditures are projected to increase—from \$7.9 billion in 1990 to \$19.8 billion by the year 2020—because older people prefer to remain in the community.
- The income of Americans age 65+ may increase during the next 30 years because of growth in pension coverage, increases in real earnings, or higher rates of labor force participation by women. However, many older individuals will see few improvements.
- In 1990, there were approximately 5.9 million impaired older people. About 1.6 million were poor. By the year 2020, the number of impaired older people will increase to 9.9 million. About 1.2 million of them will have incomes below the poverty level.

SOCIAL CHARACTERISTICS

- Marital status and living arrangements of people age 65+ vary tremendously by sex. Most men, for instance, spend their elderly years married and in family settings, whereas half of older women spend their later years as widows outside of family settings.
- The median years of school completed for white people age 65+ in 1989 was 12.2 years, while for older blacks it was 8.5 years and for Hispanics it was 8.0 years.
- Of the 19.9 million households headed by older people in 1989, 76 percent were owner-occupied and 24 percent were rental units.
- Elderly renters are much more likely to be without a telephone than older homeowners. Nine percent of older renters were without telephones in 1987, while only 3 percent of older homeowners had no phones.
- Only 3 percent of white householders and householders of other races were without phones, compared with 10 percent and 9 percent, respectively, of their black and Hispanic counterparts.
- In 1988, almost 20 million (19 percent) of the 102 million Americans who reported voting in that year's election were age 65+.
- People in the 55 to 64 and 65 to 74 age groups participate more in elections than other age groups. In fact, the percentages of each of these two age groups voting in the 1988 election were more than twice that of the 18 to 20 age group.
- Older men were more likely to report voting in 1988 than were older women, and older whites were more likely to have voted than older blacks and Hispanics.
- According to a recent survey, 9.4 million people age 55+ and 4.9 million people age 65+ did some unpaid volunteer work for community organizations in the previous year.
- More than two of every five older volunteers performed most of their work for churches and other religious organizations. On average, older volunteers worked more hours per week than did volunteers age 16+ and also performed volunteer work during a greater number of weeks of the year.

ELDERLY PEOPLE WHO LIVE ALONE

- Elderly people living alone comprise close to one-third of all older people. In 1989, 8.9 million Americans age 65+ lived alone.
- The economic status of elderly people who live alone is markedly lower than that of those who live with others. For example, 24 percent of elderly people living alone are poor, compared with 14 percent of those who live with others.
- Projections for the future indicate that fewer elderly persons will have low incomes. For those who live alone, the proportion with incomes below poverty is expected to decline to 11 percent by the year 2020, whereas the proportion with incomes above 300 percent of poverty will almost double, to 37 percent.
- The economic status of older men is expected to improve much more rapidly than that of women. For example, the poverty rate among older women who

- live alone is projected to decrease 54 percent by the year 2020; among older men who live alone, the poverty rate is projected to decline by 79 percent.
- Today, there are five times as many older women living alone below the poverty threshold as there are men. By the year 2020, poor, older women living alone will outnumber similarly-situated men by a factor of 10.
- Despite the overall anticipated improvement in the economic status of older people, by 2020 it is projected that more than 2 in 5 elderly people living alone will continue to be economically vulnerable—that is, they will have incomes below 200 percent of the poverty threshold.
- Nearly half (45 percent) of people age 85+ who live alone are poor or near-poor, that is, they have incomes below 125 percent of the poverty threshold. Of those age 65 to 74, 30 percent are poor or near-poor, and 39 percent of those age 75 to 84 are poor or near-poor.
- More than half of older black and two-fifths of older Hispanic individuals who live alone have incomes below the federal poverty threshold. By contrast, less than one-fifth of older white individuals who live alone are poor.
- Of all people who live alone, those who reside in rural areas have the highest rates of poverty and near-poverty. While 26 percent of older people who live alone in suburban areas have incomes below 125 percent of the poverty threshold, 37 percent of those in central cities are poor or near-poor, and 44.6 percent of people living alone in rural areas have incomes below 125 percent of poverty.
- Close to 1.5 million older people who have difficulty performing at least one daily task live alone; the number of people in this category is projected to grow to 2.4 million by the year 2020.
- About 291,000 people age 65+ who live alone are unable to perform at least one activity of daily living. By the year 2020, this number is projected to grow to 506,000 individuals.
- Among older people living alone who receive help with daily activities, 43 percent rely entirely on paid assistance. Most (54 percent) rely on unpaid help, and very few (3 percent) receive both paid and unpaid assistance.

FEDERAL OUTLAYS BENEFITING THE ELDERLY

- The share of the federal budget spent on programs serving the elderly has nearly doubled in recent decades, from 15 percent in 1960 to 30 percent in 1991.
- Spending on health programs for the elderly as a proportion of all federal spending on the elderly has increased from 6 percent in 1960 to an estimated 32 percent in 1991.
- In fiscal year 1991, an estimated \$387.3 billion of federal spending will benefit older Americans. Of every dollar to be spent on the elderly through the federal budget in that year, 54 cents will go to Social Security and 31 cents to Medicare and Medicaid.
- Experts estimate that the 1989 poverty rate of 6.6 percent for families headed by older people would have risen to 39 percent if Social Security and other transfer payments had not been available. Likewise, the poverty rate for older unrelated individuals would have increased from 22 to 66 percent.

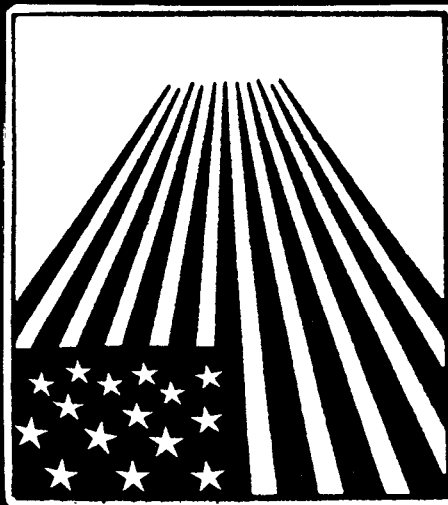
- Between 1975 and 1988, personal health care expenditures under Medicare have increased at an average annual rate of 14.4 percent, more than twice the rate of inflation and almost one-fourth faster than the growth in total national personal health care expenditures.
- The elderly pay nearly 30 percent of their total health care bills out-of-pocket, excluding premium payments for Part B Medicare and private health insurance.
- Health care costs will continue to grow steadily. In 1970, Medicare and other federal health programs accounted for only 1.4 percent of GNP; but by 1986, federal health spending had risen to 3.0 percent of GNP. With no change in current law, federal expenditures on health care are projected to increase to more than 6 percent of GNP by 2030.

INTERNATIONAL COMPARISONS

- In 1990, 28 countries had more than 2 million people age 65+, and 12 countries had more than 5 million. The U.S. population of 31.6 million people age 65+ was the second largest in the world that year, following China with 63.4 million.
- Over the next 35 years, the elderly population will increase numerically and as a percentage of total population in developed countries throughout the world. In Canada and Japan, the number will more than double. In the U.S., the increase in the number of people age 65+ will almost reach 90 percent.
- From the year 2005 to 2025, as the baby boomers age, the United States will experience a 2.9 percent annual growth in its under-80 aged population. The 65 to 79 age group in the United States will grow about 10 times as fast between 2005 and 2025 as it will have during the previous 15 years.
- As of 1990, life expectancy at birth was highest in Japan-79.3 years. Americans born in 1990 could expect to live an average of 75.6 years.
- In nearly all countries of the world, women live longer than men. In the United States, Germany, and Italy, women outlive men by approximately 7 years, but in France, the gap is 8.5 years.
- Despite a decline in labor force participation of the elderly, older Americans are more likely to be in the labor force after age 65 than are older people in any other developed country except Japan.
- U. S. government expenditures on medical care will grow at a very rapid rate over the next several decades-by 80 percent between 1980 and 2025. They will rise by 74 percent in Canada. Other countries are expected to have more modest increases.
- By 2040, the average share of social expenditures on the elderly may reach 51 percent, up from 35 percent in 1980, while the share going to youths is projected to drop from 23 to 15 percent.

Chapter 1

Size and Growth
of the
Older Population



Size and Growth of the Older Population

America is growing older. The 65+ population has increased far more rapidly than the rest of the population for most of this century. Since 1980, an average of 174,000 people a month have celebrated their 65th birthdays. By 1989, the number of centenarians had grown to 61,000, up from an estimated 15,000 in 1980.

This chapter looks at the aging of America through the middle of the next century and its impact on the population as a whole and on various subgroups within the 65+ population. The projections discussed in this section and throughout this report do not, it should be stressed, imply certainty about future events. Rather, they represent forecasts based on patterns from the past and on assumptions about future trends in fertility, mortality, and net immigration. Different assumptions would produce different projections.

AGE DISTRIBUTION

THE OLDER POPULATION AS A PROPORTION OF TOTAL POPULATION HAS TRIPLED IN THIS CENTURY

At the beginning of the twentieth century, fewer than 1 in 10 Americans was age 55+ and only 1 in 25 was age 65+. By 1989, 1 in 5 Americans was at least 55 years old and 1 in 8 was at least 65.

This century's sharp increase in the number and proportion of older people is reflected in recent population estimates prepared by the U.S. Bureau of the Census. In 1989, there were an estimated 52.6 million Americans age 55+ and 31 million who were at least age 65. About 9 percent (21.6 million) of the total population were 55 to 64 years old, 7 percent (18.2 million) were 65 to 74 years old, 4 percent (9.8 million) were 75 to 84 years old, and 1 percent (3.0 million) were 85+ (table 1-1).

Table I-I
DISTRIBUTION OF THE POPULATION, BY AGE GROUPS: 1989

Age group	Number (in thousands)	Percent
All ages.....	248,762	100
0 to 54.....	196,185	79
55 to 64.....	21,593	9
65 to 74.....	18,182	7
75 to 84.....	9,761	4
85+	3,042	1
55+	52,577	21
65+	30,984	12

SOURCE: U.S. Bureau of the Census. "United States Population Estimates, by Age, Sex, Race, and Hispanic Origin: 1989," by Frederick W. Hollman. Current *Population Reports* Series P-25, No. 1057 (March 1990).

NOTE: includes Armed Forces overseas

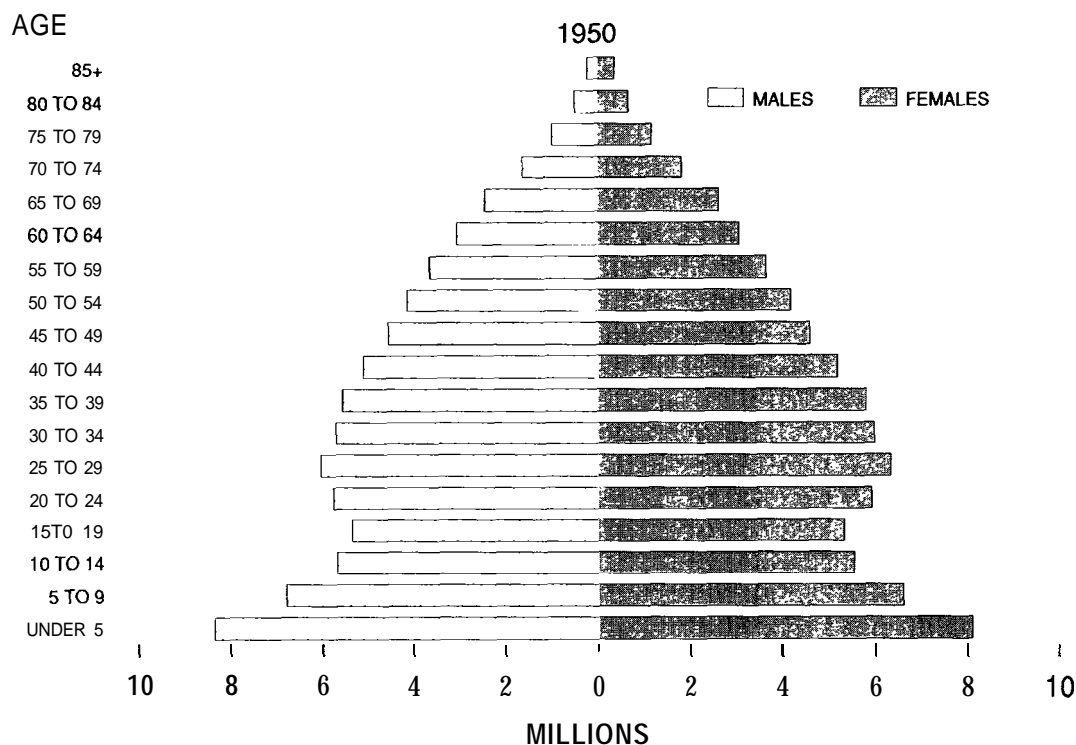
The dramatic changes occurring in the size and shape of the U.S. population are graphically displayed by the three population pyramids in chart 1-1. The first pyramid presents the outline of a relatively young population of 152 million people in 1950. The median age in that year was 30.2 years, a figure that would decline somewhat during the 1950s and 1960s as a result of the large number of "baby boom" births. The 1950 pyramid resembles a Christmas tree in that the widest portions—representing recent births—are at the base and the bars representing higher ages gradually narrow as mortality depletes the population. Births outnumber deaths by a margin of 2.5 to 1. The only significant departures from a pyramidal shape are the notches representing people 10 to 24 years of age, who were born primarily during the economic depression of the 1930s when birth rates were comparatively low.

The second pyramid, which portrays the U.S. population 39 years later in 1989, looks considerably different from the 1950 pyramid. The 1989 pyramid is about two-thirds larger because the population has grown by 97 million people, from 152 million in 1950 to 249 million. The baby boom has produced a bulge in the pyramid around ages 25 to 44 years. Since 1950, the median age of the population has risen to 32.6 years, an increase of 2.4 years. Declining mortality rates have caused the bars at the top of the pyramid to widen. The ratio of births to deaths has declined to 1.9 to 1.

By 2030, the U.S. population pyramid no longer will resemble a pyramid: it will become nearly rectangular in shape. Based on the middle series projections prepared by the Bureau of the Census, this population of 301 million is double the 1950 population and larger than the 1989 population by 52 million. Low fertility rates keep the base of the pyramid relatively narrow, while low mortality rates cause little shrinkage in the population until after age 70. Deaths now outnumber births by a slight margin, and the increasing gap between these figures will cause the total population to begin shrinking within a decade. The median age has increased by about nine years to 41.8 years. The youngest baby boomers have passed their 65th birthdays and the oldest are on the verge of their 85th. Even without the baby boomers, the 85+ population has grown from fewer than 600,000 in 1950 to over 8 million in 2030.

The common assumption is that today's large numbers and proportion of older people are the result of increased longevity. In fact, longevity explains only part of the burgeoning of the elderly population. The primary cause is an increase in the annual number of births prior to 1920 and after World War II.¹ The aging of the pre-1920s group, along with a dramatic decline in the birth rate after the mid-1960s, contributed to the rise in the median age of the U.S. population from 27.9 in 1970 to 32.6 in 1989. A five-year rise in the median age in 19 years is a historic demographic event.

Chart I-I
U.S. POPULATION, BY AGE AND SEX:
1950, 1989, AND 2030



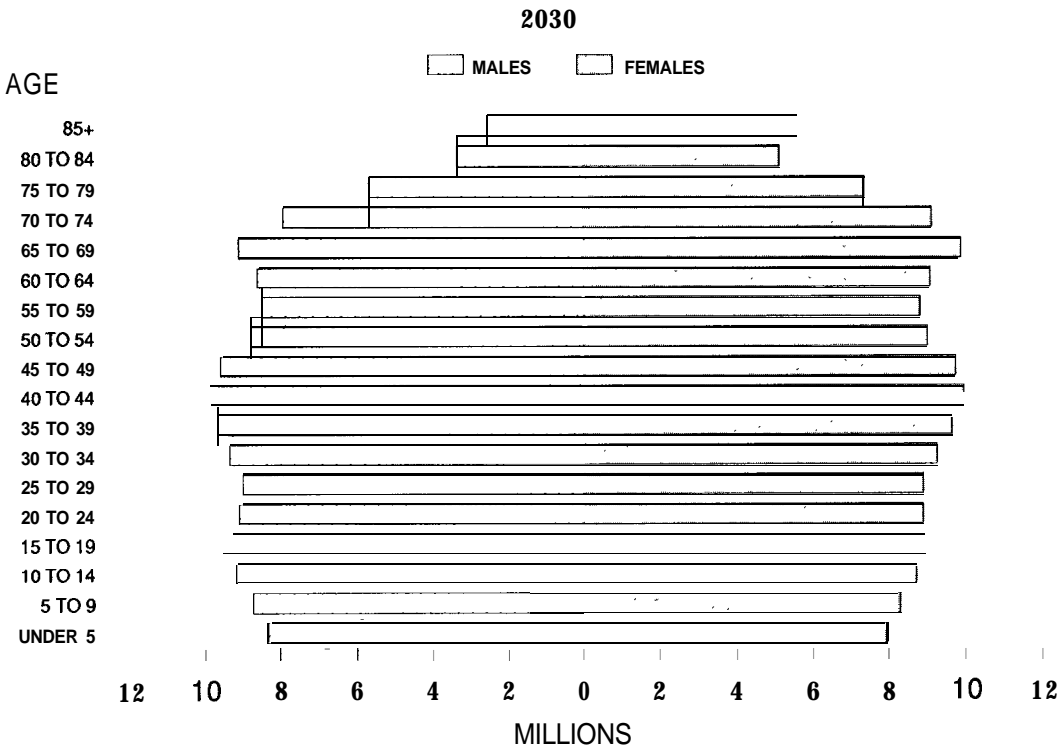
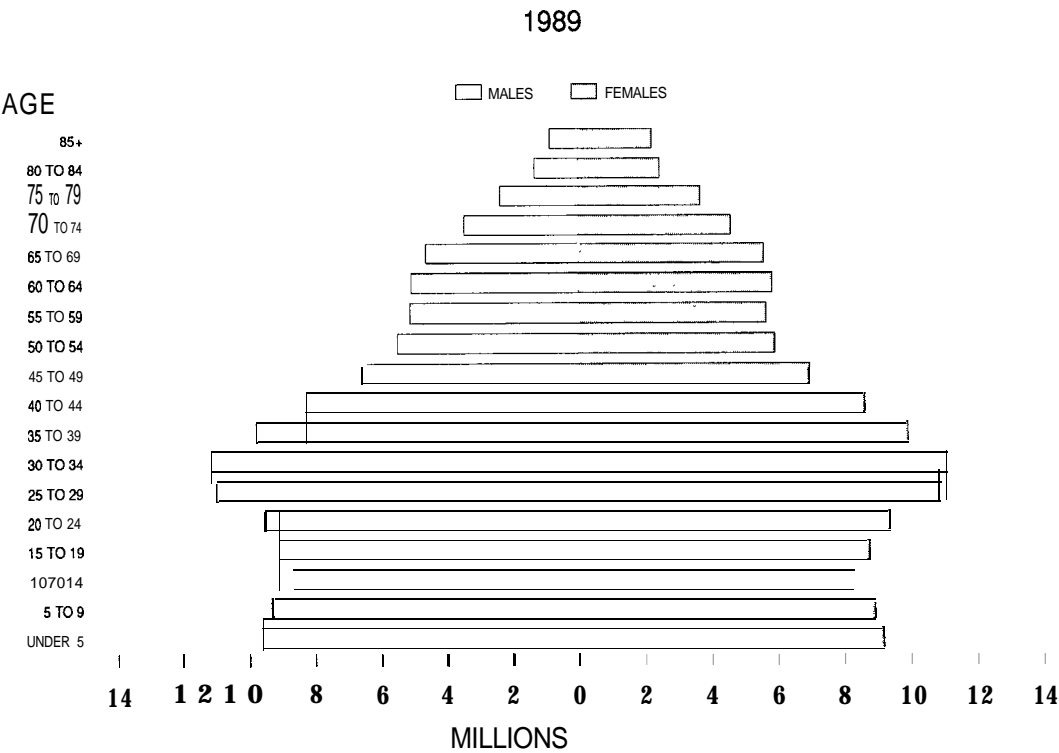
SOURCES: U.S. Bureau of the Census. "Estimates of the Population of the United States, by Single Years of Age, Color, and Sex: 1900 to 1959." *Current Population Reports* Series P-25, No. 311 (July 1965).

U.S. Bureau of the Census. "Projections of the Population of the United States, by Age, Sex, and Race: 1988 to 2080." by Gregory Spencer. *Current Population Reports* Series P-25, No. 1018 (January 1989).

U.S. Bureau of the Census. "U.S. Population Estimates, by Age, Sex, Race, and Hispanic Origin: 1989," by Frederick W. Hollman. *Current Population Reports* Series P-25, No. 1057 (March 1990).

¹U.S. Bureau of the Census. "Demographic and Socioeconomic Aspects of Aging in the United States," by Jacob S. Siegel and Maria Davidson. *Current Population Reports* Series P-23, No. 138 (August 1984).

Chart 1-1 (continued)
U.S. POPULATION, BY AGE AND SEX:
1950, 1989, AND 2030

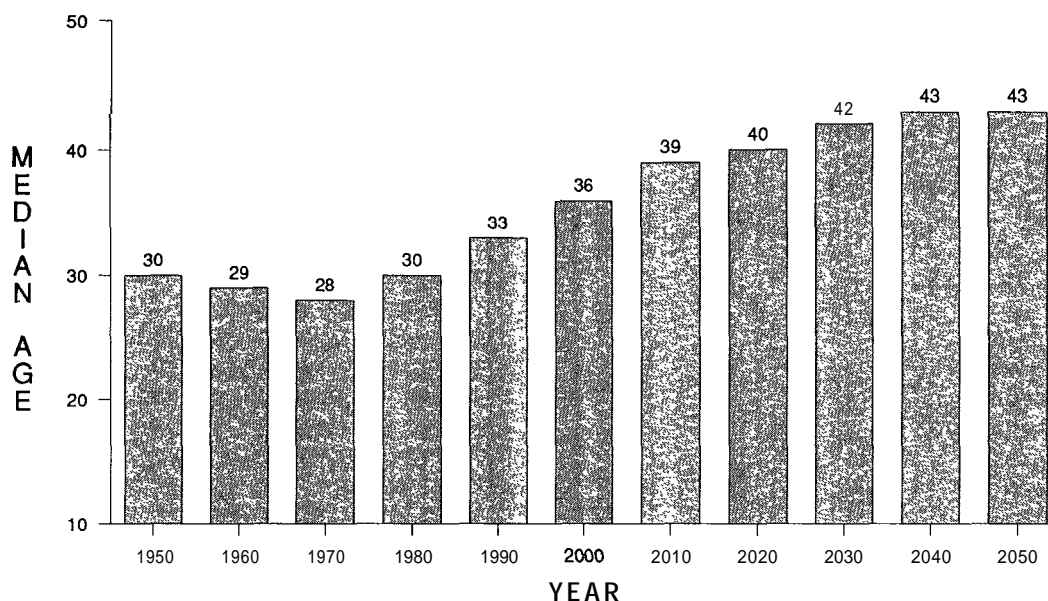


THE GRAYING OF AMERICA WILL CONTINUE WELL INTO THE NEXT CENTURY WITH THE AGING OF THE BABY BOOM

The projected growth in the older population is expected to raise the median age of the U.S. population to 36 by the year 2000, to 42 by the year 2030, and to 43 in 2040 (chart 1-2). Between 1989 and 2030 the 65+ population is expected to more than double (table 1-2 and chart 1-3). In fact, if current fertility and immigration levels remain stable, the older population will be the only age group to experience significant growth in the next century.

During the next 20 years, the elderly population is expected to grow more slowly than it has in many decades: from 1989 to 2010, for example, it will increase by about 1.1 percent a year, in contrast to an average annual growth of 2.4 percent during the 1950 to 1989 period. After 2010, however, the number and proportion of elderly will grow very rapidly. Between 2010 and 2030, the elderly population is projected to grow by 2.6 percent annually, while the under-65 population will decline by an average of 0.2 percent annually. By 2020, assuming no significant changes in mortality, the elderly population will reach 52 million, and by 2030, the graying of the baby boom will result in 65.6 million elderly. During this period the proportion of elderly will rise from 13 percent in 2000 to 21.8 percent in 2030, after which it will rise slowly to 22.9 percent by 2050.

Chart 1-2
MEDIAN AGE OF THE POPULATION:
1950-2050



SOURCES: U.S. Bureau of the Census. Statistical Abstract of the United States: 1985 (December 1984).

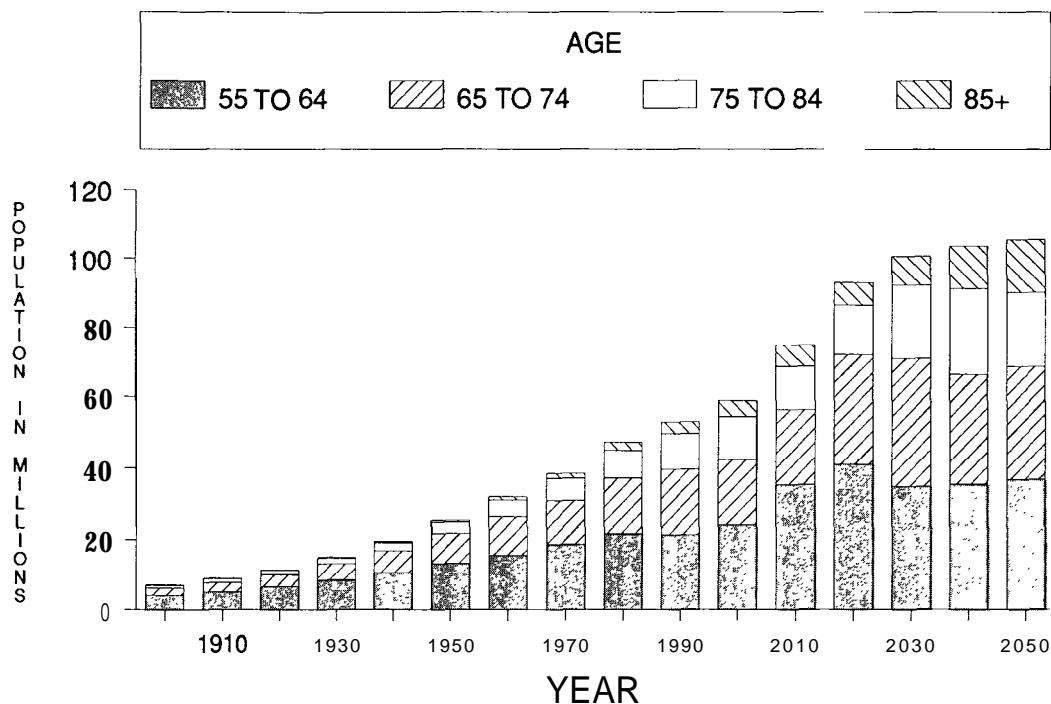
U.S. Bureau of the Census. "Projections of the Population of the United States, by Age, Sex, and Race: 1988 to 2080," by Gregory Spencer. Current *Population Reports* Series P-25, No. 1018 (January 1989).

Table 1-2
ACTUAL AND PROJECTED GROWTH OF THE OLDER POPULATION: 1900-2050
 (numbers in thousands)

Year	Total population all ages	55 to 64		65 to 74		75 to 84 years		85+		65+	
		Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1900	76,303	4,009	5.3	2,189	2.9	772	1.0	123	0.2	3,084	4.0
1910	91,972	5,054	5.5	2,793	3.0	989	1.1	167	0.2	3,950	4.3
1920	105,711	6,532	6.2	3,464	3.3	1,259	1.2	210	0.2	4,933	4.7
1930	122,775	8,397	6.8	4,721	3.8	1,641	1.3	272	0.2	6,634	5.4
1940	131,669	10,572	8.0	6,375	4.8	2,278	1.7	365	0.3	9,019	6.8
1950	150,967	13,295	8.8	8,415	5.6	3,278	2.2	577	0.4	12,270	8.1
1960	179,323	15,572	8.7	10,997	6.1	4,633	2.6	929	0.5	16,560	9.2
1970	203,302	18,608	9.2	12,447	6.1	6,124	3.0	1,409	0.7	19,980	9.8
1980	226,546	21,703	9.6	15,580	6.9	7,729	3.4	2,240	1.0	25,549	11.3
1990	250,410	21,364	8.5	18,373	7.3	9,933	4.0	3,254	1.3	31,559	12.6
2000	268,266	24,158	9.0	18,243	6.8	12,017	4.5	4,622	1.7	34,882	13.0
2010	282,575	35,430	12.5	21,039	7.4	12,208	4.3	6,115	2.2	39,362	13.9
2020	294,364	41,087	14.0	30,973	10.5	14,443	4.9	6,651	2.3	52,067	17.7
2030	300,629	34,947	11.6	35,988	12.0	21,487	7.1	8,129	2.7	65,604	21.8
2040	301,807	35,537	11.8	30,808	10.2	25,050	8.3	12,251	4.1	68,109	22.6
2050	299,849	37,004	12.3	31,590	10.5	21,655	7.2	15,287	5.1	68,532	22.9

SOURCES: 1900 to 1980 data are tabulated from the Decennial Censuses of the Population and exclude Armed Forces overseas. Projections, which are middle series projections and include Armed Forces overseas, are from U.S. Bureau of the Census, "Projections of the Population of the United States, by Age, Sex, and Race: 1988 to 2080," by Gregory Spencer. *Current Population Reports* Series P-25, No. 1018 (January 1989).

Chart 1-3
POPULATION AGE 55+, BY AGE GROUP:
1900-2050

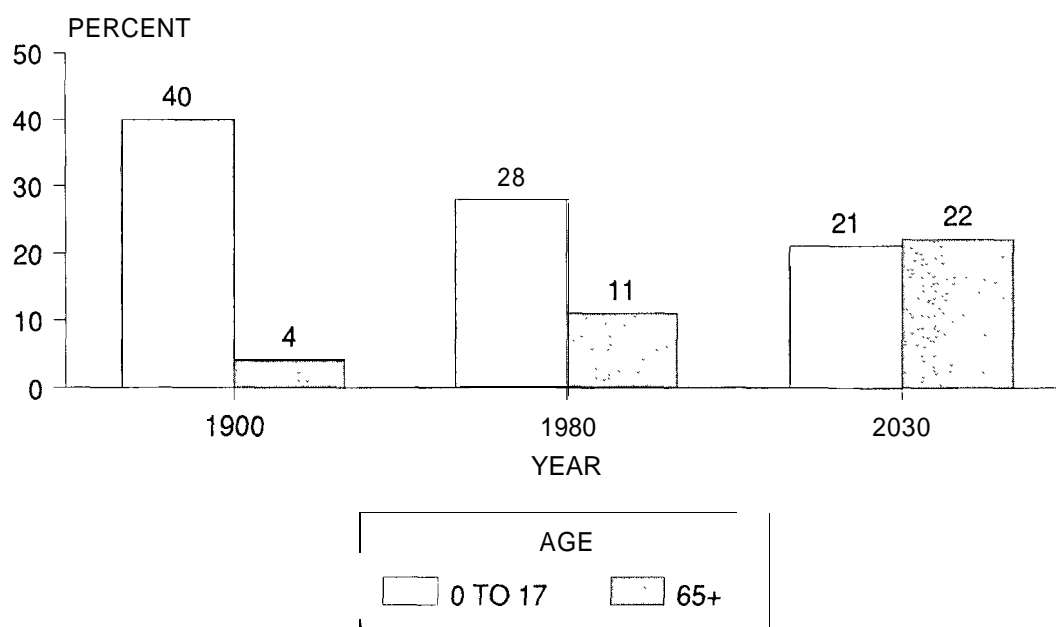


SOURCES: 1900 to 1980 data are tabulated from the Decennial Censuses of the Population and exclude Armed Forces overseas. Projections, which are middle series projections and include Armed Forces overseas, are from U.S. Bureau of the Census, "Projections Of the Population of the United States, by Age, Sex, and Race: 1988 to 2080," by Gregory Spencer. *Current Population Reports* Series P-25, No. 1018 (January 1989).

One of the clearest examples of the changing age distribution of the American population is the shift in the proportions of elderly people and young people (chart 1-4). In 1900, 4 percent of the population were age 65+, while young people, under the age of 18, made up 40 percent of the population.

By 1980, the proportion of people age 65+ had increased to 11 percent and the proportion of young people had decreased to 28 percent. Census Bureau projections indicate that by the year 2030 there will be proportionately more elderly than young people in the population: 22 percent of the population will be 65+ and 21 percent will be under the age of 18.

Chart 1-4
PERCENT OF CHILDREN AND ELDERLY
IN THE POPULATION: 1900, 1980, AND 2030



SOURCES: 1900 figures, which exclude Alaska, Hawaii, and Armed Forces overseas: US. Bureau of the Census. "Estimates of the Population of the United States, by Single Years of Age, Color, and Sex: 1900 to 1959." Current Population *Reports* Series P-25, No. 311 (July 1965).

1980 and 2030 figures: US. Bureau of the Census. "Projections of the Population of the United States, by Age, Sex, and Race: 1988 to 2080," by Gregory Spencer. Current *Population Reports* Series P-25, No. 1018 (January 1989).

ALTERNATIVE ASSUMPTIONS ABOUT MORTALITY PROVIDE DIFFERENT PICTURES OF THE FUTURE POPULATION

Many variables, including assumptions made about future death rates, greatly affect population projections. The Census Bureau's most recent set of population projections utilizes three different assumptions about the course of future mortality. The most commonly cited projections, which are used in this book, are from the middle series, but higher and lower alternatives are available to illustrate the effect of different mortality assumptions. For example, the middle series projects a 65+ population of 68 million in the year 2040, but the projection using higher mortality rates is 61 million and the lower mortality projection is 80 million (table 1-3).

A recent analysis by researchers at the National Institute on Aging and the University of Southern California (NIA/USC) projects that in 2040 there could be 87 million people age 65+ (table 1-3). This figure, which represents almost 19 million more elderly people than the Census Bureau's middle series projection, was based on a 2-percent annual mortality decline, an assumption that is more optimistic than those used by the Census Bureau but which is consistent with mortality declines experienced by the U.S. population in recent years. According to the NIA/USC projection, the population age 85+ could number 24 million in 2040, almost twice as many as the middle series Census projection and nearly eight times the current level.

Table 1-3
ALTERNATIVE PROJECTIONS OF LIFE EXPECTANCY
AND POPULATION AGE 65+: 2040

Subject	Bureau of the Census			NIA/USC
	Middle series (series 14)	High mortality (series 23)	Low mortality (series 5)	
Life expectancy at birth (years)				
Men	75.9	73.0	80.8	85.9
Women	82.8	80.3	87.1	91.5
Population (in thousands)				
65+, total	68,109	60,936	80,110	86,805
65 to 74	30,808	29,111	33,205	32,075
75 to 84	25,050	22,516	29,224	31,212
85+	12,251	9,309	17,681	23,519
Percent change, 1989-2040				
65+, total.. . . .	120	97	159	180
65 to 74	69	60	83	76
75 to 84	157	131	199	220
85+	303	206	481	673

SOURCES: U.S. Bureau of the Census. "Projections of the Population of the United States, by Age, Sex, and Race: 1988 to 2080," by Gregory Spencer. *Current Population Reports* Series P-25, No. 1018 (January 1989).

U.S. Bureau of the Census. "U.S. Population Estimates, by Age, Sex, Race, and Hispanic Origin: 1989," by Frederick W. Hollman. *Current Population Reports* Series P-25, No. 1057 (March 1990).

Jack M. Guralnik, Machiko Yangishita, and Edward L. Schneider. "Projecting the Older Population of the United States: Lessons From the Past and Prospects for the Future." *The Milbank Quarterly* Vol. 66, No. 2 (1988).

THE 85+ POPULATION IS GROWING RAPIDLY

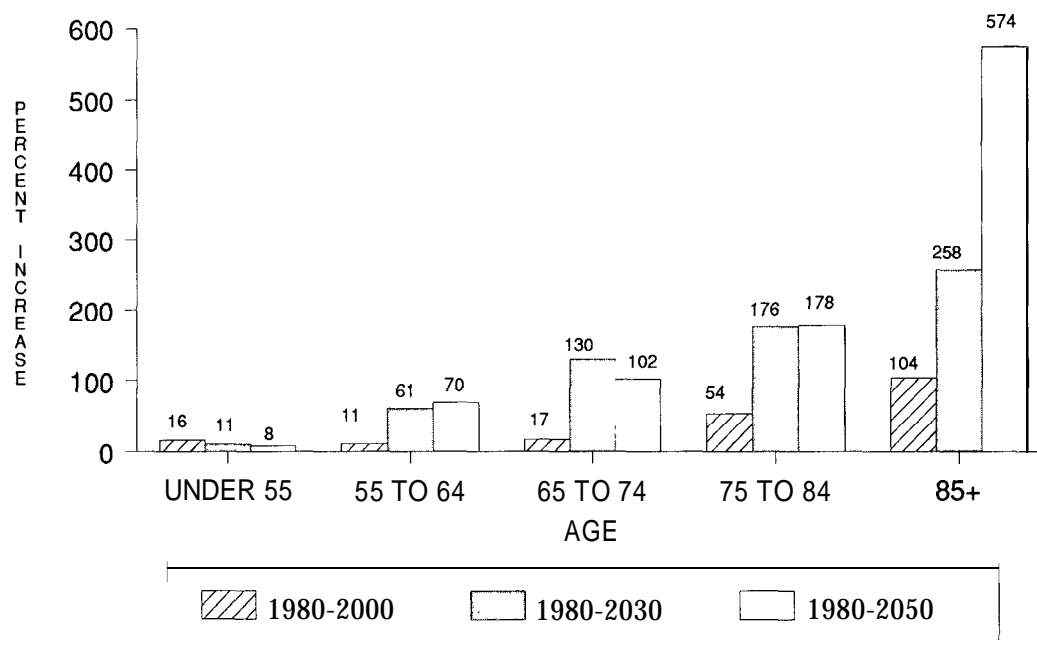
The 85+ population is one of the fastest growing age groups in the country. Chart 1-5 displays the growth of this population in relation to the under-55 population and three other older age groups. The 85+ population is expected to more than triple in size between 1980 and 2030, and to be nearly seven times larger in 2050 than in 1980 (table 1-2). The striking growth of this age group is also evident in chart 1-6,

which shows an increase from 123,000 in 1900 to 2.2 million in 1980 and a projected 15 million in 2050. The growth of the 85+ population is one of the major achievements of improved disease prevention and health care in this century. However, it also has far-reaching implications for public policy because of the high probability of health problems in this age group and a corresponding need for health and social services.

Life expectancy at age 85 rose by 33 percent between 1960 and 1987 and is projected to increase further over the next several decades. Between 1989 and 2050, the population age 85+ is expected to jump from about 1 to 5 percent of the total population and from 10 to 22 percent of the 65+ population.

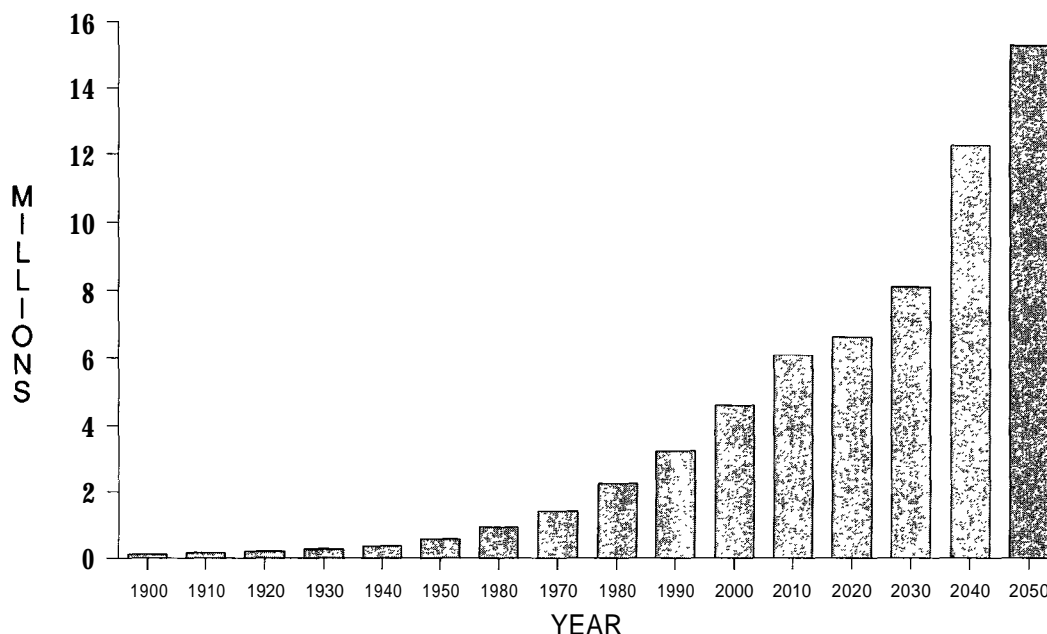
More people are also surviving into their 10th and 11th decades. As noted earlier, the Census Bureau estimates that there were about 61,000 people age 100+ in 1989 and that there will be over 100,000 by 2000. Because of the increase in the very old population, it is increasingly likely that older people will themselves have at least one surviving parent.

Chart 1-5
PROJECTED GROWTH IN POPULATION, BY AGE GROUP: 1980-2050



SOURCE: US. Bureau of the Census. "Projections of the Population of the United States, by Age, Sex, and Race: 1988 to 2080," by Gregory Spencer. Current *Population Reports* Series P-25, No. 1018 (January 1989).

Chart 1-6
ACTUAL AND PROJECTED INCREASE IN THE 85+ POPULATION: 1900-2050



SOURCES: U.S. Bureau of the Census. "America in Transition: An Aging Society," by Cynthia M. Taeuber. Current *Population Reports* Series P-23, No. 128 (September 1983).

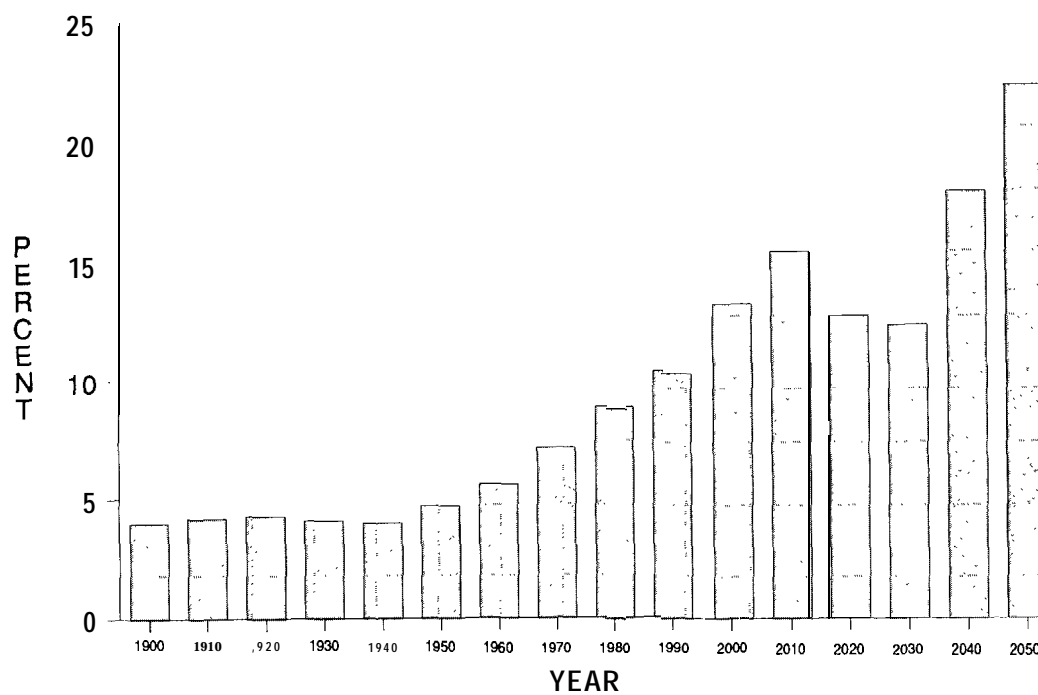
U.S. Bureau of the Census. "Projections of the Population of the United States, by Age, Sex, and Race: 1988 to 2080," by Gregory Spencer. Current *Population Reports* Series P-25, No. 1018 (January 1989).

THE ELDERLY POPULATION IS GROWING OLDER

With increases in the number of people surviving into the upper age ranges, the elderly population is growing older. In 1990, the younger elderly (age 65 to 74) outnumbered the older elderly (age 75+) by more than 4 to 3. **By the turn of the century, half (52 percent) of the elderly population is expected to be between the ages of 65 and 74 and half (48 percent) will be age 75+ (table 1-2).**

The average age of the elderly population will decline during the two decades after 2010, as the baby boom generation begins to enter this age group. By 2040, however, the 75+ population will outnumber the 65 to 74 age group by 6.5 million. Similarly, the 85+ population will constitute over one-fifth of the elderly around the middle of the next century, up from 10 percent today (chart 1-7).

Chart 1-7
85+ POPULATION AS A PERCENT OF 65+ POPULATION: 1900-2050



SOURCES: U.S. Bureau of the Census, Decennial Censuses of the Population, 1950 to 1980.

U.S. Bureau of the Census. "Projections of the Population of the United States, by Age, Sex, and Race: 1988 to 2080," by Gregory Spencer. *Current Population Reports* Series P-25, No. 1018 (January 1989).

RACE AND ETHNICITY

THE PROPORTIONS OF ELDERLY PEOPLE IN THE NONWHITE AND HISPANIC POPULATIONS ARE SMALLER THAN IN THE WHITE POPULATION, BUT ARE INCREASING AT A FASTER RATE

Today, the nonwhite and Hispanic populations have a smaller proportion of elderly people than the white population (table 1-4). In 1989, 13 percent of whites were age 65+, compared with only 8 percent of blacks, 7 percent of people of other races (Native Americans and Asian/Pacific Islanders), and 5 percent of Hispanics.²

These proportions are expected to remain relatively stable through the end of the century (chart 1-8). However, beginning in the early part of the next century, the older minority population is expected to increase more rapidly than the older white population. This growth, will be the result of higher fertility for the nonwhite and Hispanic populations than the white population. Between 1990 and 2030, the older white population will grow by 92 percent, compared with 247 percent for the older black population and people of other races and 395 percent for older Hispanics. Nevertheless, the percentage of elderly among white non-Hispanics in 2030 (24 percent) will still be higher than the percentage for blacks and other races (17 percent) or Hispanics (13 percent).

²Hispanics may be of any race.

Table 1-4
POPULATION¹ BY AGE, RACE, AND HISPANIC ORIGIN: 1989

Age	Total	White	Black	Other Races	Hispanic ²
Number (in thousands)					
All ages.....	248,762	209,326	30,788	8,647	20,528
0 to 54	196,185	162,625	26,082	7,476	18,293
55 to 64	21,593	18,879	2,151	564	1,162
65 to 74	18,182	16,222	1,577	382	665
75 to a4	9,761	8,839	742	180	318
85+	3,042	2,761	236	44	91
55+	52,577	46,701	4,706	1,171	2,235
65+	30,984	27,822	2,555	607	1,073
Age distribution by race and Hispanic origin (percent)					
All ages.....	100	100	100	100	100
0 to 54	79	78	85	86	a9
55 to 64	9	9	7	7	6
65 to 74	7	a	5	4	3
75 to a4	4	4	2	2	2
85+	1	1	1	1	0
55+	21	22	15	14	11
65+	12	13	a	7	5
Race and Hispanic origin distribution by age (percent) ³					
All ages.....	100	a4	12	3	8
0 to 54	100	83	13	4	9
55 to 64	100	a7	10	3	5
65 to 74	100	a9	9	2	4
75 to a4	100	91	a	2	3
85+	100	91	a	1	3
55+	100	a9	9	2	4
65+	100	90	a	2	3

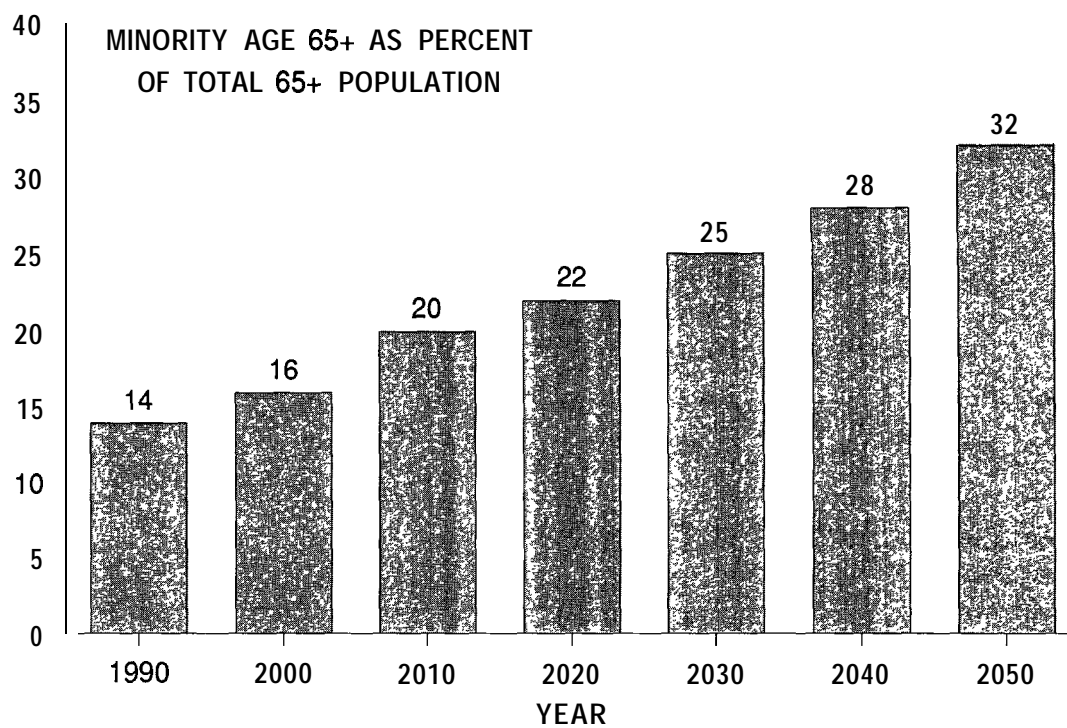
SOURCE: U.S. Bureau of the Census. "U.S. Population Estimates, by Age, Sex, Race, and Hispanic Origin: 1989," by Frederick W. Hollman. Current *Population Reports* Series P-25, No. 1057 (March 1990).

¹ Data include Armed Forces overseas.

² Hispanics may be of any race.

³ Percents will add up to more than 100 because Hispanics may be of any race and will therefore be included in more than one column.

Chart 1-8
GROWTH OF THE MINORITY ELDERLY POPULATION: 1990-2050



SOURCES: Figures computed by Donald G. Fowles, US. Administration on Aging, from data in U.S. Bureau of the Census, "Projections of the Hispanic Population: 1983-2080," by Gregory Spencer. *Current Population Reports Series P-25*, No. 995 (November 1986) and in U.S. Bureau of the Census, "Projections of the Population of the United States, by Age, Sex, and Race: 1988 to 2080," by Gregory Spencer. *Current Population Reports Series P-25*, No. 1018 (January 1989).

SEX RATIOS

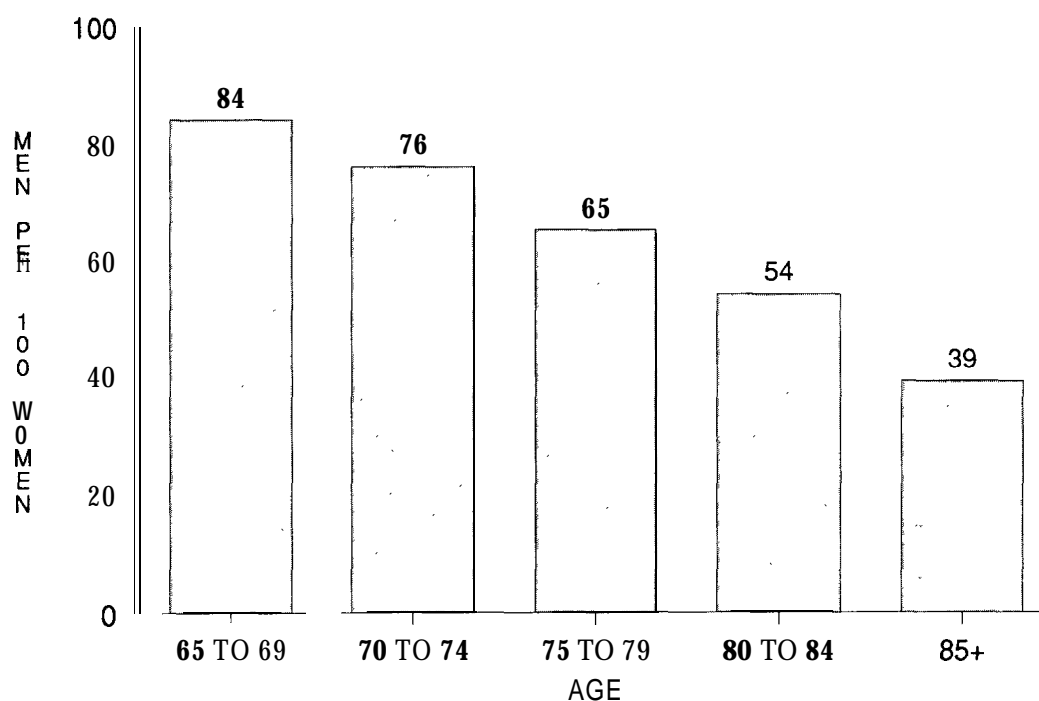
OLDER WOMEN OUTNUMBER OLDER MEN

The ratio of women to men varies dramatically with age. Men slightly outnumbered women in all age groups under age 35 in 1989, but in the 65+ age group, there were 18.3 million women and only 12.6 million men. Elderly women now outnumber elderly men by 3 to 2, a considerable change from 1960 when the ratio of elderly women to elderly men was nearly 6 to 5.

This disparity becomes more marked in the upper age ranges. In 1989, there were 84 men between the ages of 65 and 69 for every 100 women in the same age group. Among those age 85+, there were only 39 men for every 100 women (chart 1-9).

These statistics reflect the fact that, on the average, women live longer than men. Elderly women are therefore more likely to end up living alone. They also average a longer period of retirement than do elderly men.

Chart 1-9
NUMBER OF MEN PER 100 WOMEN, BY AGE GROUP: 1989



SOURCE: U.S. Bureau of the Census. "U.S. Population Estimates, by Age, Sex, Race, and Hispanic Origin: 1989," by Frederick W. Hollman. Current Population Reports Series P-25, No. 1057 (March 1990).

SUPPORT RATIOS

THE RATIO OF ELDERLY TO WORKING AGE PEOPLE IS RISING SHARPLY

The fact that people are living longer and families are having fewer children is changing the shape of the “elderly support ratio” (the number of 65+ people to people of working age, 18 to 64 years). The average family with children in the early 1900s had four children. Today, the average has fewer than two children. This factor, combined with a 28-year increase in life expectancy since 1900, has increased the ratio of elderly people compared with people of working age. In 1900, there were about 7 elderly people for every 100 people of working age. As of 1990, the ratio was about 20 elderly people per 100 of working age. By 2020, the ratio will have risen to about 29 per 100, after which it will rise rapidly to 38 per 100 by 2030 (table 1-5 and chart 1-10).

Table 1-5
YOUNG, ELDERLY, AND TOTAL SUPPORT RATIOS: 1900-2050
(number of people of specified age per 100 people age 18 to 64)

Year	65+	Under 18	Total
Estimates:			
1900.....	7	76	84
1920.....	8	68	76
1940.....	11	52	63
1960.....	17	65	82
1980.....	19	46	65
Projections:			
1990.....	20	41	62
2000.....	21	39	60
2010.....	22	35	57
2020.....	29	35	64
2030.....	38	36	74
2040.....	39	35	74
2050.....	40	35	75

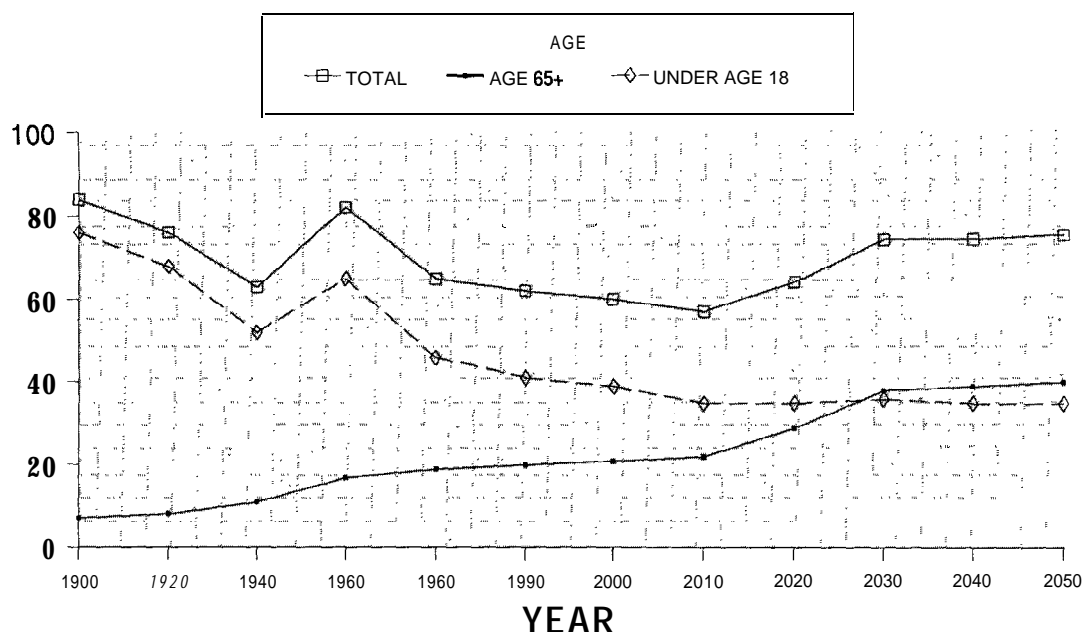
SOURCES: U.S. Bureau of the Census. “America in Transition: An Aging Society,” by Cynthia M. Taeuber. Current Population Reports Series P-23, No. 128 (September 1983).

U.S. Bureau of the Census. “Projections of the Population of the United States, by Age, Sex, and Race: 1988 to 2080,” by Gregory Spencer. *Current Population Reports* Series P-25, No. 1018 (January 1989).

The support ratio is a crude proxy for the economic burden imposed on the working population. One reason the support or dependency ratio is a crude measure is that many younger and older people are in the labor force, and many people of working age may not be employed.

Although the total support ratio (young and old combined) is expected to increase in the next century, it declined substantially between 1900 and the present. In fact, by 2010 it is projected to be lower than any time since 1900. This suggests

Chart 1-10
YOUNG, ELDERLY, AND TOTAL
SUPPORT RATIOS: 1900-2050



SOURCES: U.S. Bureau of the Census. "America in Transition: An Aging Society," by Cynthia M. Taeuber. Current Population Reports Series P-23, No. 128 (September 1983).

U.S. Bureau of the Census. "Projections of the Population of the United States, by Age, Sex, and Race: 1988 to 2080," by Gregory Spencer. Current Population Reports Series P-25, No. 1018 (January 1989).

that fewer economic demands currently are placed on working-age Americans to support the young and the old.

From a public policy standpoint, however, the decline in the total support ratio caused by a large decline in the number of children masks the rise in the elderly support ratio. This is an important distinction because it is primarily publicly funded programs that serve the elderly, while mostly private funds (with the exception of public education spending) are directed toward support of the young. Nonetheless, the increasing demands on public programs caused by an expanding elderly population are, to some extent, offset by declining demands on private funds of families for supporting children. In other words, in the aggregate, families will be spending relatively less on children than they spent when there were more of them. This "reduction" may free up resources (e.g., in the form of taxes) to meet the escalating costs of public programs for the aged.

LIFE EXPECTANCY

THE UPWARD TREND IN LIFE EXPECTANCY IS CONTINUING

The average expectancy of life at birth was at a record high in 1987—75.0 years. This increase continues a remarkable upward trend in life expectancy evident since the beginning of the century. The greatest gains occurred during the first half of the century largely due to dramatic reductions in deaths from infectious diseases. A baby born in 1900 could expect to live an average of only **47.3 years** (table 1-6). Although increases in life expectancy in the early part of this century resulted from decreases in deaths of infants and children, most of the increase in life expectancy since 1970 has been due to declines in mortality among the middle-aged and elderly populations.

Table 1-6
LIFE EXPECTANCY AT BIRTH AND AGE 65, BY RACE AND SEX: 1900-1987

Year	All races			White			Black		
	Both sexes	Men	Women	Both sexes	Men	Women	Both sexes	Men	Women
At birth:									
1900 ^{1,2}	47.3	46.3	48.3	47.6	46.6	48.7	33.03	32.53	33.53
1950 ²	68.2	65.6	71.1	69.1	66.5	72.2	60.7	58.9	62.7
1960 ²	69.7	66.6	73.1	70.6	67.4	74.1	63.2	60.7	65.9
1970	70.9	67.1	74.8	71.7	68.0	75.6	64.1	60.0	68.3
1980	73.7	70.0	77.4	74.4	70.7	78.1	68.1	63.8	72.5
1987	75.0	71.5	78.4	75.6	72.2	78.9	69.4	65.2	73.6
At age 65:									
1900-02 ^{1,2}	11.9	11.5	12.2	----	11.5	12.2	—	10.43	11.43
1950 ²	13.9	12.8	15.0	----	12.8	15.1	13.9	12.9	14.9
1960 ²	14.3	12.8	15.8	14.4	12.9	15.9	13.9	12.7	15.1
1970	15.2	13.1	17.0	15.2	13.1	17.1	14.2	12.5	15.7
1980	16.4	14.1	18.3	16.5	14.2	18.4	15.1	13.0	16.8
1987	16.9	14.8	18.7	17.0	14.9	18.8	15.4	13.5	17.1

SOURCES: 1900 to 1980 data: National Center for Health Statistics. Health, *United States*, 7988. DHHS Pub. No. (PHS)89-1232, Washington: Department of Health and Human Services, March, 1989.

1987 data: National Center for Health Statistics. "Life Tables." *Vital Statistics of the United States*, 1987 Vol. II, Section 6 (February 1990).

¹ 10 states and the District of Columbia.

² Includes deaths of nonresidents of the United States.

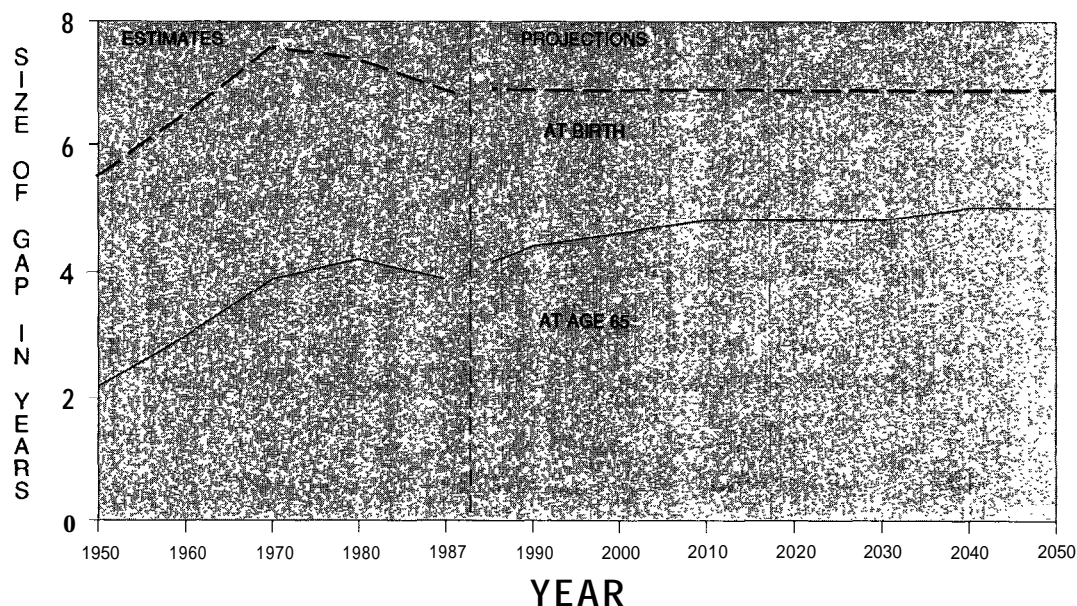
³ Figure is for the nonwhite population.

THE GAP IN LIFE EXPECTANCY FOR MEN AND WOMEN APPEARS TO BE DECREASING

Throughout this century, the increase in the number of years an individual can expect to live has been more significant for women than for men (chart 1-11 and table 1-6) . For instance, from 1950 to 1980, life expectancy at birth for the total population rose by 5.5 years, For women, however, it advanced by about 6.3 years; for men, the improvement was only 4.4 years. Now, however, the gap in life expectancy appears to be decreasing slightly. Between 1980 and 1987, life expectancy for males at birth increased by 1.5 years, more than the one-year gain for females. The differential in life expectancy at birth was 6.9 years in 1987, compared with 7.4 years in 1980 and 7.7 years in 1970.

The Census Bureau's middle series current population projections are predicated, in part, on a continuation of this differential (chart 1-11 and table 1-7) . If the differential continues its recent decline, the Census Bureau's projections will not accurately reflect the gender composition of the future elderly population.

Chart 1-11
 GAP IN LIFE EXPECTANCY FOR MEN AND WOMEN: 1950-2050
 (female life expectancy minus male life expectancy)



SOURCES: US. Bureau of the Census. "Projections of the Population of the United States, by Age, Sex, and Race: 1988 to 2080," by Gregory Spencer. *Current Population Reports* Series P-25, No. 1018 (January 1989).

National Center for Health Statistics. *Health, United States, 1988*. DHHS Pub. No (PHS)89-1232, Washington: Department of Health and Human Services, March 1989.

National Center for Health Statistics. "Life Tables." *Vital Statistics of the United States*, 1987 Vol. II, Section 6 (February 1990).

NOTE: Life expectancy estimates (1950-1987) in Chart I-1 are taken from National Center for Health Statistics data, while life expectancy projections (1990-2050) are drawn from Census Bureau data. The use of two different data bases accounts for the slight jump in the life expectancy differential between men and women at age 65 from 1987-1990.

Table 1-7
PROJECTED LIFE EXPECTANCY AT BIRTH AND AGE 65, BY SEX: 1990-2050
(in years)

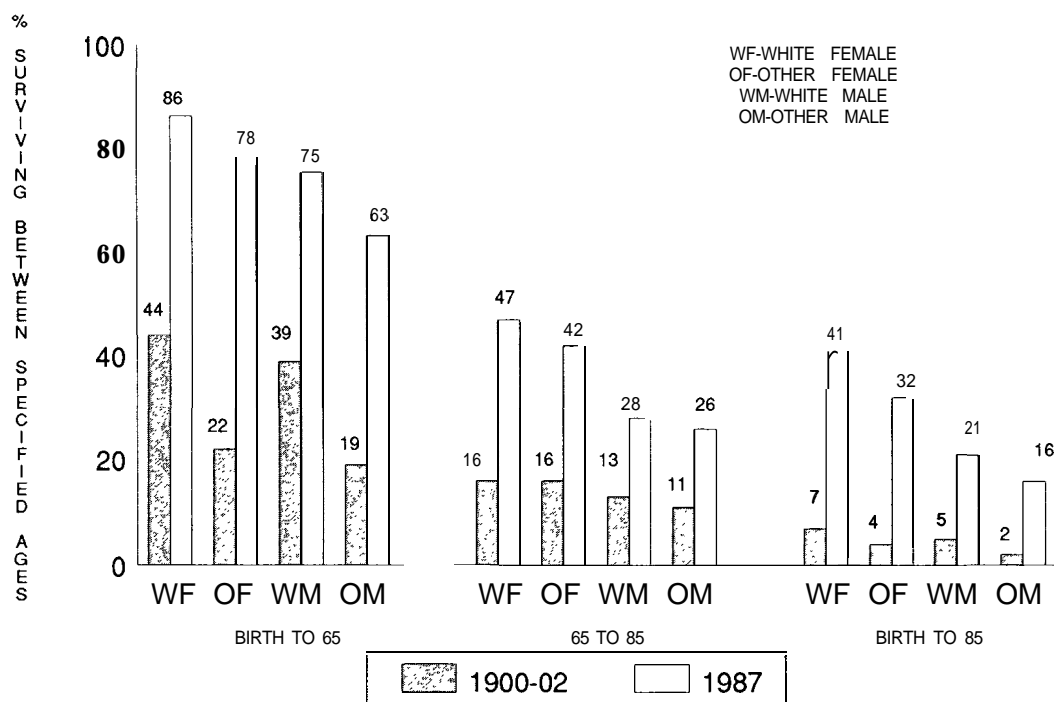
Year	At birth			At age 65		
	Men	Women	Difference	Men	Women	Difference
1990	72.1	79.0	6.9	15.0	19.4	4.4
2000	73.5	80.4	6.9	15.7	20.3	4.6
2010	74.4	81.3	6.9	16.2	21.0	4.8
2020	74.9	81.8	6.9	16.6	21.4	4.8
2030	75.4	82.3	6.9	17.0	21.8	4.8
2040	75.9	82.8	6.9	17.3	22.3	5.0
2050	76.4	83.3	6.9	17.7	22.7	5.0

SOURCE: US. Bureau of the Census. "Projections of the Population of the United States, by Age, Sex, and Race: 1988 to 2080," by Gregory Spencer. Current *Population Reports* Series P-25, No. 1018 (January 1989).

Americans who reached their 65th birthdays in 1987 could expect, on average, to live another 16.9 years. Since 1900, life expectancy at age 65 has advanced significantly. Elderly men gained 3.3 years from 1900 to 1987 and elderly women gained 6.5 years (table 1-6). Middle series projections for the future by the Bureau of Census suggest that life expectancy for elderly men will increase by 2.7 years between 1990 and 2050, while elderly women's life expectancy will rise by 3.3 years (table 1-7).

Although race and sex remain important factors in determining life expectancy, the relative importance of these factors has changed during this century. During the 1900-1902 period, race was the dominant factor in life expectancy. The survival rates of women and men were about the same, but the rates for whites were about twice as high as the rates for blacks and other races. About 4 of every 10 whites survived to age 65, compared with only 2 of every 10 blacks and other races (chart 1-12). By 1987, survival rates to age 65 had improved considerably for all race and sex groups, but the rate for nonwhite women (78 percent) had slightly surpassed that of white men (75 percent), making sex the dominant factor over race. Less than 10 percent of people born in the 1900-1902 period would have survived to age 85 if the mortality rates of that period remained constant. In 1987, survival rates to age 85 had increased enormously for all groups. For example, about 41 percent of white women born in 1987 were projected to survive to age 85, compared with only 7 percent in 1900-1902.

Chart 1-12
PERCENTS SURVIVING FROM BIRTH TO AGE 65 AND 85, BY SEX AND RACE: 1900-1902 AND 1987



SOURCE: National Center for Health Statistics. "Life Tables." *Vital Statistics of the United States, 1987* Vol. II, Section 6 (February 1990).

**LIFE EXPECTANCY FOR BLACKS INCREASED
THROUGHOUT MUCH OF THIS CENTURY
BUT FELL IN THE MID-1980s**

As noted above, life expectancy at birth differs by race, with whites living longer than blacks. The higher rate of low income and poverty among blacks affects life styles and access to quality medical care, both of which have an impact on mortality and life expectancy. Age-adjusted death rates are far higher among blacks than among whites. Blacks have an infant mortality rate that is double the rate for whites. Blacks also die much more frequently than whites from certain preventable causes of death, such as homicides and accidents.

The racial gap in life expectancy has narrowed in recent decades, declining from 7.6 years in 1970 to 5.6 years in 1984. Between 1984 and 1987, however, life expectancy at birth for blacks fell to 69.4 from 69.7 years, and the gap in life expectancy at birth between whites and blacks increased by over one-half year, from 5.6 years to 6.2 years.

Life expectancy for blacks is less than that for whites at all ages until about 80, although differences by race at age 65 are substantially smaller and have been for decades. If blacks live to age 65, their life expectancy is much closer to whites than it was at birth. In 1987, at age 65, blacks could expect to live 15.4 more years, only 1.6 years less than whites at that age. This gap, however, also has been increasing in recent years, but by about age 80, for reasons that are not well-understood, the life expectancy of blacks begins to exceed that of whites.

VETERANS

**THREE-FIFTHS OF ALL ELDERLY MEN WILL BE VETERANS
BY THE END OF THIS CENTURY**

Although the total veteran population is expected to decrease over the next five decades, the number and proportion of older veterans is increasing. This will result in considerable strain on the Veterans Administration health care system. In 1980, more than 1 in 4 of all American men age 65+ (28 percent) were veterans. By the year 2000, three-fifths (60 percent) of all elderly men will be veterans and eligible for veterans' benefits. This change is short-term, however. The proportion of veterans in the 65+ population of men will actually decrease after the turn of the century: by 2010 under half (48 percent) of elderly men will be veterans; by 2030 only one-fifth (19 percent) will be veterans.

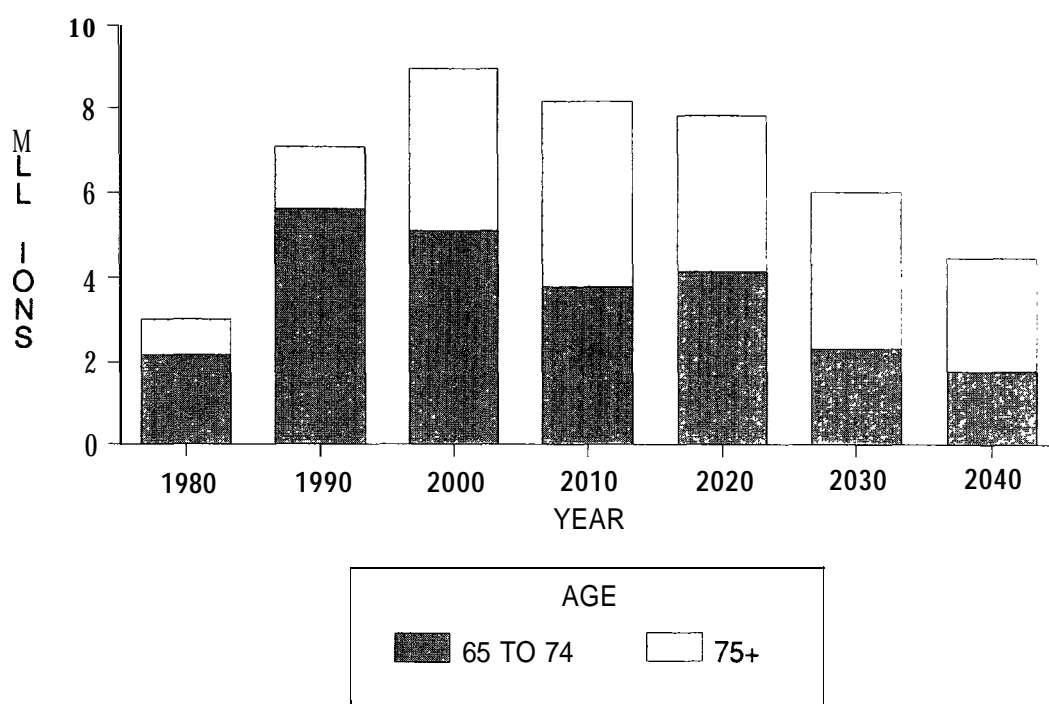
In 1989, there were 6.7 million veterans age 65+, and they represented 25 percent of all veterans (chart I-13). By the year 2000, there will be nearly nine million elderly veterans. This number will drop back to 8.2 million in 2010 and to 6.0 million in 2030.

Over 95 percent of all veterans are men, but the number of aged women veterans is expected to double between 1980 and the early 1990s. According to current projections, however, only 4.4 percent of aged veterans at the turn of the century will be women. After 1992, the number of women veterans is expected to decrease

temporarily, only to increase steadily again after 2015, as women who served during the Vietnam War and the post-Vietnam era reach older ages.

The number and proportion of veterans age 75+ will also increase. Today, 20 percent of all elderly veterans are age 75+. By 2000, 43 percent will be in this age group. This proportion is expected to increase gradually so that by 2030, 61 percent of all older veterans and 25 percent of all veterans will be age 75+.

Chart 1-13
ESTIMATES AND PROJECTIONS OF THE ELDERLY VETERAN POPULATION, BY AGE:
1980-2040



SOURCE: Department of Veterans Affairs. *Estimates and Projections of the Veteran Population: 1980 to 2040*, by Lynne R. Heltman and Thomas P. Bonczar. (March 1990).

GEOGRAPHIC DISTRIBUTION AND MOBILITY

OVER HALF OF THE COUNTRY'S ELDERLY LIVE IN NINE STATES

In 1989, over half (52 percent) of the country's older population-16.2 million people-lived in nine states: California, New York, Florida, Pennsylvania, Texas, Illinois, Ohio, Michigan, and New Jersey. Each of these states had over one million people age 65+ (table 1-8). In comparison, some states had very small older populations. Alaska, for instance, had the smallest number of elderly people in 1989, 22,000, or about 4 percent of its total population. However, Alaska and Nevada experienced the largest percent increase-over 80 percent-in their elderly populations in the last decade (table 1-8 and chart 1-14).

Table 1-8
RANK ORDER OF STATES, BY SELECTED CHARACTERISTICS
OF THE 65+ POPULATION: 1989

Number of people 65+				People 65+ as percent of state's population			Percent change in number of people 65+, 1980-1 989		
Rank	State	Number (000s)		Rank	State	Per-cent	Rank	State	Per-cent
	(x)	U.S., total	30,984	(x)	U.S., total	12.5	(x)	U.S., total	21.3
1	(1)	California	3,071	1	Florida	18.0	1	Alaska	88.3
2	(2)	New York	2,341	2	Pennsylvania	15.1	2	Nevada	84.5
	(4)	Florida	2,277	3	Iowa	15.1	3	Hawaii	56.6
3	(5)	Pennsylvania	1,819	4	Rhode Island	14.8	4	Arizona	51.1
5	(3)	Texas	1,714	5	Arkansas	14.8	5	New Mexico	38.5
	(6)	Illinois	1,437	6	West Virginia	14.6	6	South Carolina	35.9
6	(7)	Ohio	1,399	7	South Dakota	14.4	7	Florida	34.9
	(8)	Michigan	1,100	8	Missouri	13.9	8	Delaware	34.3
8	(9)	New Jersey	1,021	9	Nebraska	13.9	9	Utah	34.1
10	(13)	Massachusetts	813	10	Oregon	13.9	10	North Carolina	32.4
11	(10)	North Carolina	798	11	North Dakota	13.9	11	Washington	31.5
12	(15)	Missouri	719	12	Massachusetts	13.8	12	Colorado	31.1
13	(14)	Indiana	694	13	Kansas	13.7	13	Virginia	30.0
14	(12)	Virginia	657	14	Connecticut	13.6	14	Oregon	29.3
15	(11)	Georgia	653	15	Maine	13.4	15	Idaho	29.3
16	(17)	Wisconsin	652	16	Wisconsin	13.4	16	Maryland	28.6
17	(16)	Tennessee	625	17	Oklahoma	13.3	17	California	27.2
18	(18)	Washington	567	18	New Jersey	13.2	18	Georgia	26.3
19	(21)	Minnesota	549	19	Montana	13.2	19	Montana	25.4
20	(22)	Alabama	523	20	Arizona	13.1	20	Texas	25.0
21	(19)	Maryland	509	21	New York	13.0	21	Wyoming	24.9
22	(20)	Louisiana	487	22	Ohio	12.8	22	New Hampshire	22.5
23	(23)	Kentucky	472	23	Alabama	12.7	23	Connecticut	20.8
24	(24)	Arizona	464	24	Kentucky	12.7	24	Tennessee	20.7
25	(27)	Connecticut	441	25	Tennessee	12.6	25	Michigan	20.6
26	(29)	Iowa	428	26	Minnesota	12.6	26	Louisiana	20.5
27	(28)	Oklahoma	428	27	Dist. of Col.	12.5	27	Ohio	19.6
28	(30)	Oregon	392	28	Mississippi	12.4	28	Pennsylvania	18.8
29	(25)	South Carolina	390	29	Indiana	12.4	29	Alabama	18.8
30	(33)	Arkansas	356	30	Illinois	12.3	30	New Jersey	18.8
31	(32)	Kansas	343	31	North Carolina	12.1	31	Indiana	18.5
32	(31)	Mississippi	326	32	Idaho	11.9	32	Rhode Island	16.5
33	(26)	Colorado	324	33	Washington	11.9	33	Maine	16.2
34	(34)	West Virginia	272	34	Vermont	11.9	34	Vermont	16.1
35	(36)	Nebraska	224	35	Michigan	11.9	35	Wisconsin	15.5
36	(38)	Maine	164	36	Delaware	11.8	36	Kentucky	15.1
37	(37)	New Mexico	161	37	New Hampshire	11.4	37	Minnesota	14.5
38	(43)	Rhode Island	148	38	South Carolina	11.1	38	West Virginia	14.2
39	(35)	Utah	146	39	Louisiana	11.1	39	North Dakota	14.0
40	(42)	New Hampshire	126	40	Nevada	10.9	40	Illinois	13.9
41	(40)	Nevada	121	41	Maryland	10.8	41	Oklahoma	13.9
42	(41)	Idaho	121	42	Virginia	10.8	42	Arkansas	13.8
43	(39)	Hawaii	119	43	Hawaii	10.7	43	South Dakota	12.9
44	(44)	Montana	106	44	California	10.6	44	Mississippi	12.7
45	(45)	South Dakota	103	45	New Mexico	10.5	45	Kansas	12.0
46	(47)	North Dakota	92	46	Georgia	10.1	46	Massachusetts	11.9
47	(46)	Delaware	79	47	Texas	10.1	47	Missouri	10.9
48	(48)	Dist. of Col.	76	48	Wyoming	9.8	48	Iowa	10.5
49	(49)	Vermont	68	49	Colorado	9.8	49	Nebraska	9.1
50	(51)	Wyoming	46	50	Utah	8.6	50	New York	8.3
51	(50)	Alaska	22	51	Alaska	4.1	51	Dist. of Col.	1.8

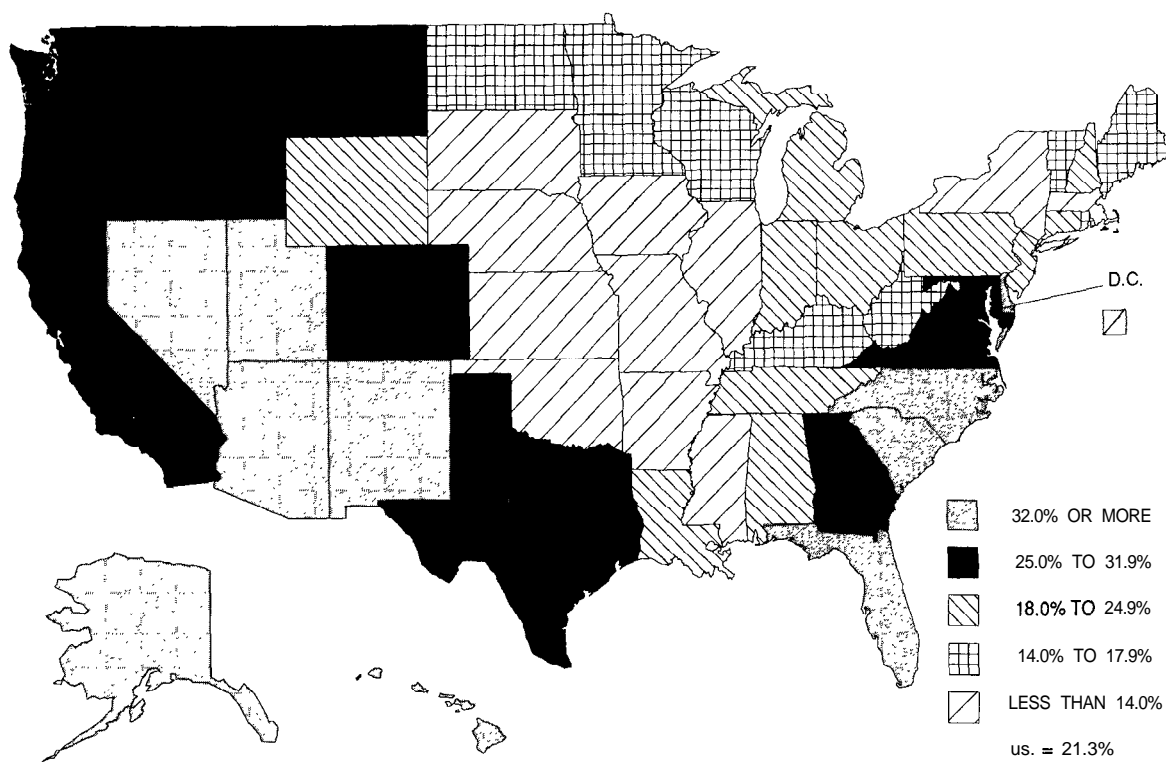
SOURCE: U.S. Bureau of the Census. "State Population and Household Estimates: July 1, 1989," by Edwin Byerly. Current Population Reports Series P-25, No. 1058 (March 1990), and unpublished data.

NOTE: All rankings in this table are derived from unrounded numbers and percentages

*Numbers in parentheses represent rank order of states based on population of all ages in 1989

(x) Not applicable

Chart 1-14
PERCENT INCREASE IN POPULATION 65+: 1980-1989

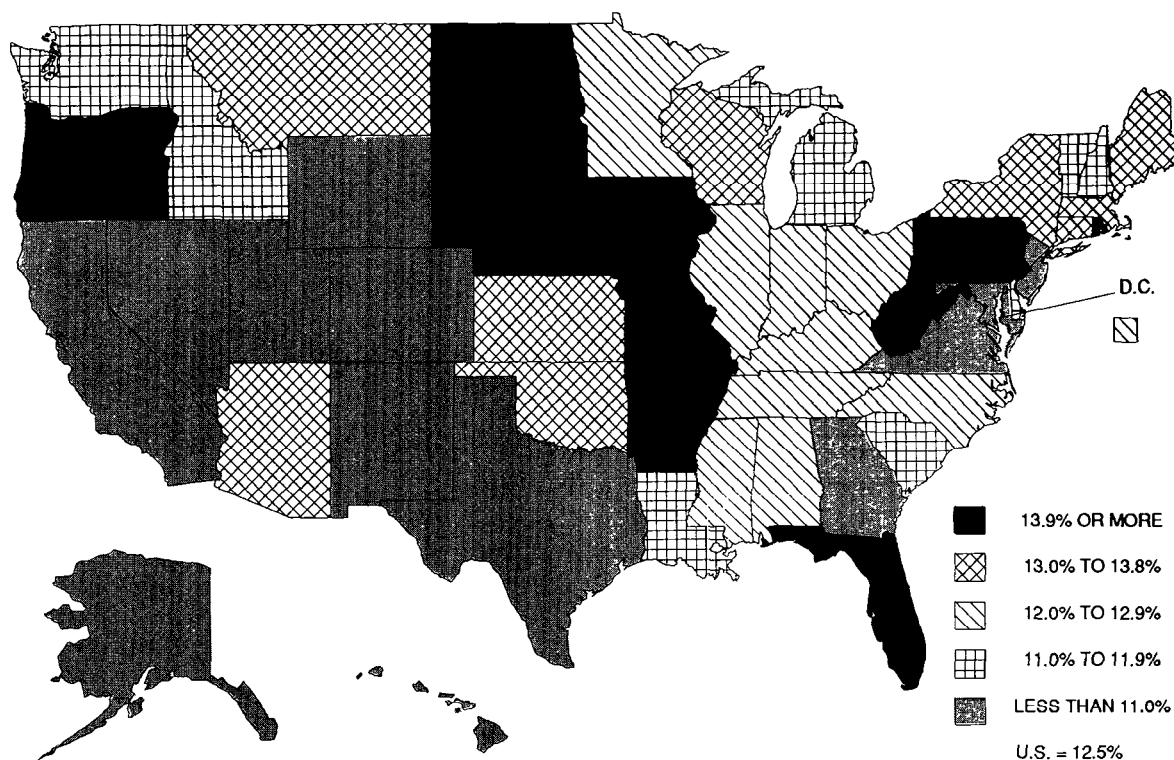


SOURCE: U.S. Bureau of the Census. "State Population and Household Estimates: July 1, 1989," by Edwin Byerly. Current Population Reports Series P-25, No. 1058 (March 1990), and unpublished data.

Sixteen of 21 northeastern and midwestern states had percentages of elderly above the national average of 12.5 percent in 1989, compared with only 10 out of 30 southern and western states including the District of Columbia. People 65+ were 13.9 percent or more of the total population in 11 states in 1989: Florida (18.0 percent), Pennsylvania (15.1 percent), Iowa (15.1 percent), Rhode Island (14.8 percent), Arkansas (14.8 percent), West Virginia (14.6 percent), South Dakota (14.4 percent), Missouri (13.9 percent), Nebraska (13.9 percent), Oregon (13.9 percent), and North Dakota (13.9 percent) (see table 1-8 and chart 1-15).

Florida has the largest proportion of residents age 65+. In fact, the proportion of elderly in Florida—18 percent—is close to the proportion expected nationally in the year 2620. Florida is also the state with the nation's oldest population, with a median age of 36.6 in 1989. The state with the youngest population that year was Utah, which had a median age of 25.7.

Chart 1-15
PEOPLE 65+ AS PERCENTAGE OF TOTAL POPULATION: 1989



SOURCE: U.S. Bureau of the Census. "State Population and Household Estimates: July 1, 1989," by Edwin Byerly. *Current Population Reports Series P-25*, No. 1058 (March 1990), and unpublished data.

CALIFORNIA WILL HAVE 4.7 MILLION ELDERLY BY 2010

Using recent demographic trends as a guide, the Census Bureau projects that California's elderly population will increase by 52 percent between 1989 and 2010. California will maintain its position of having the largest number of elderly by 2010 (4.7 million), but Florida's projected elderly population of 3.9 million will move it past New York into the number two position (table 1-9). Florida will continue to have the largest percentage of people 65+ (20 percent), but Hawaii is projected to experience the largest percentage increase (89 percent.)

Table 1-9
PROJECTIONS OF THE 65+ POPULATION, BY STATE: 2010

State	Number of 65+		Percent of total Population	Percent change, 1989- 2010
	Rank	Value (000's)		
U.S., total	(x)	39,362	14.0	27.0
Alabama..	21	645	14.4	23.4
Alaska..	50	40	6.0	84.0
Arizona..	14	841	15.2	81.1
Arkansas..	29	422	16.5	18.6
California..	1	4,680	12.3	52.4
Colorado	28	433	12.8	33.5
Connecticut..	26	513	14.6	16.4
Delaware..	44	120	12.8	51.0
District of Columbia..	47	87	13.9	15.1
Florida..	2	3,917	19.9	72.1
Georgia..	11	1,055	11.2	61.6
Hawaii	37	225	14.1	88.7
Idaho..	43	131	13.3	8.2
Illinois..	6	1,532	13.2	6.6
Indiana..	17	765	13.5	10.3
Iowa	32	391	17.4	-8.7
Kansas..	33	381	15.3	11.1
Kentucky	25	526	14.8	11.6
Louisiana	24	536	13.8	10.1
Maine	38	192	13.4	17.3
Maryland	18	757	11.7	48.7
Massachusetts..	13	895	13.9	10.0
Michigan	10	1,184	12.7	7.7
Minnesota	22	644	13.9	17.3
Mississippi	31	395	13.8	21.1
Missouri	15	838	14.8	16.6
Montana..	45	103	14.9	-2.9
Nebraska	35	232	16.1	3.4
Nevada	39	192	11.9	58.3
New Hampshire	40	190	11.5	50.7
New Jersey..	8	1,258	14.2	23.2
New Mexico	36	228	11.9	42.0
New York	3	2,583	14.2	10.3
North Carolina..	9	1,209	13.8	51.4
North Dakota..	48	82	15.4	-10.6
Ohio	7	1,512	14.0	8.1
Oklahoma	27	448	16.8	4.6
Oregon..	30	413	14.1	5.3
Pennsylvania	5	1,845	15.3	1.4
Rhode Island..	42	155	14.1	4.9
South Carolina..	23	563	13.1	44.2
South Dakota..	46	103	14.7	0.2
Tennessee	16	828	14.5	32.5
Texas	4	2,351	13.1	37.2
Utah	41	181	9.6	23.6

(continued on next page)

Table 1-9 (continued)

Vermont	49	80	12.2	18.5
Virginia	12	983	12.0	49.7
Washington	19	711	13.2	25.3
West Virginia	34	240	16.2	-11.7
Wisconsin	20	690	14.8	5.9
Wyoming	51	39	10.7	-16.0

SOURCE: U.S. Bureau of the Census. "Projections of the Population of States, by Age, Sex, and Race: 1989 to 2010," by Signe I. Wetrogan. Current Population Reports Series P-25, No. 1053 (January 1990), and unpublished data.

NOTE: (x) Not applicable

OLDER PEOPLE CHANGE RESIDENCES LESS OFTEN THAN YOUNGER PEOPLE

Today's older people tend to remain where they have spent most of their adult lives. For both adults and children, rates of residential mobility decline with increasing age. The highest rate is among adults in their early 20s. Between March 1986 and March 1987, only 5 percent of older people moved, in contrast to 35 percent of 20- to 24-year-olds and 18 percent of people of all ages.³

As a result of younger people moving away and older people remaining, some areas of the country are becoming "grayer." There were over 500 rural and small town counties in 1980 in which people age 65+ made up at least 16.7 percent of the total population; in 178 counties, the elderly were over 20 percent of the total population. Over half of these counties, which are located primarily in the nation's heartland, are agricultural areas where the older population has stayed on while the younger generation has moved out.

In addition, there are nearly 500 nonmetropolitan "retirement counties" where the population age 60+ grew by at least 15 percent from in-migration during 1970-1980. These counties are scattered throughout the United States with concentrations in Maine, the Appalachian and Piedmont regions, Florida, the upper Peninsula of Michigan, the Ozark mountains, the Texas Hill Country, the Pacific Northwest coast, and selected counties in Arizona, New Mexico, Nevada, and California. Although many of these counties have high percentages of older people, some of them are also receiving large numbers of young in-migrants as well.⁴

³U.S. Bureau of the Census. "Geographical Mobility: March 1986 to March 1987." Current *Population Reports* Series P-20, No. 430 (April 1989).

⁴Nina Glasgow, U.S. Department of Agriculture. "The Nonmetro Elderly: Economic and Demographic Status." Rural *Development Research Report*, No. 70 (June 1988).

**IN 1980, FOR THE FIRST TIME, A GREATER NUMBER OF 65+
PEOPLE LIVED IN THE SUBURBS THAN IN THE CENTRAL CITIES**

The growth of the suburban elderly population has touched every major region of the United States. According to results of a nationwide sample of 2,300 suburbs, the average suburban population in 1980 was 11.8 percent elderly.⁵ In 1980, for the first time, a greater number of older people lived in the suburbs (10.1 million) than in central cities (8.1 million). Older people are found disproportionately in suburbs that were established before or just after World War II. These older suburbs also have lower average resident income levels, more rental housing, lower home values, and higher population densities.

SENIORS WHO MOVE TEND TO MIGRATE TO THE SUNBELT

Although residential migration is more common among the young than among the old, those older people who do move tend to migrate to the Sunbelt states. The Sunbelt states are thus experiencing a commensurate aging of their populations (table 1-10).

Table 1-10
PERCENT CHANGE IN POPULATION, BY AGE GROUP,
FOR REGIONS AND DIVISIONS: 1980-1989
(number in thousands)

Region and Division	All ages			Under 65			65+		
	1980	1989	Percent Change	1980	1989	Percent Change	1980	1989	Percent Change
US., total	226,546	248,239	9.6	200,997	217,255	8.1	25,549	30,984	21.3
Northeast..	49,135	50,772	3.3	43,063	43,831	1.8	6,072	6,941	14.3
New England	12,348	13,047	5.7	10,828	11,288	4.2	1,520	1,759	15.7
Middle Atlantic	36,787	37,726	2.6	32,236	32,544	1.0	4,551	5,182	13.9
Midwest	58,866	60,148	2.2	52,174	52,408	0.4	6,692	7,740	15.7
East North Central..	41,682	42,298	1.5	37,189	37,017	-0.5	4,493	5,281	17.5
West North Central	17,183	17,851	3.9	14,984	15,392	2.7	2,199	2,459	11.8
South	75,372	85,523	13.5	66,884	74,883	12.0	8,488	10,640	25.4
South Atlantic	36,959	43,115	16.7	32,592	37,404	14.8	4,367	5,711	30.8
East South Central	14,666	15,406	5.0	13,009	13,461	3.5	1,657	1,945	17.4
West South Central	23,747	27,002	13.7	21,283	24,017	12.8	2,464	2,985	21.1
West	43,172	51,796	20.0	38,874	46,133	18.7	4,298	5,663	31.8
Mountain..	11,373	13,513	18.8	10,312	12,022	16.6	1,061	1,491	40.5
Pacific	31,800	38,283	20.4	28,563	34,111	19.4	3,237	4,172	28.9

SOURCE: U.S. Bureau of the Census. "State Population and Household Estimates: July 1, 1989," by Edwin Byerly. *Current Population Reports Series P-25*, No. 1058 (March 1990).

⁵John R. Logan. "The Graying of the Suburbs," *Aging Magazine*, No. 345, U.S. Administration on Aging (1984).

Between 1980 and 1989, the increase in the elderly population continued to be more rapid in the South and West. Although the growth rates for the elderly population in the Northeast and Midwest regions were generally less than the national average, the under-65 populations in many of these states are growing at much slower rates or even declining, resulting in relatively high concentrations of older people in these regions.

The number of older people who reported migrating from state to state was 50 percent higher in the 1970s than in the 1960s, according to estimates from the Retirement Migration Project.⁶ Of the nearly 1.7 million Americans over the age of 60 who moved out-of-state between 1975 and 1980, nearly half went to five states: Arizona, California, Florida, New Jersey, or Texas. Three states had especially large increases in the numbers of older in-migrants between 1960 and 1980: Arizona showed a 221 percent increase, Texas a 191 percent increase, and Florida a 110 percent increase. Florida captured over one-quarter of all the interstate migrants over age 60 during the last two decades. During the 1970s, New York was the top contributor of elderly state-to-state movers, while California was second, Illinois third, Florida fourth, and New Jersey fifth.

Older people who move to another state are relatively affluent, well-educated, and frequently accompanied by their spouses. Many older people who move to non-metropolitan areas are motivated by positive images of rural or small town life or negative views of metropolitan life. Most have existing ties to the new area, such as family, friends, or property.

SOME SUNBELT RETIREES "COUNTERMIGRATE" TO THEIR HOME STATES

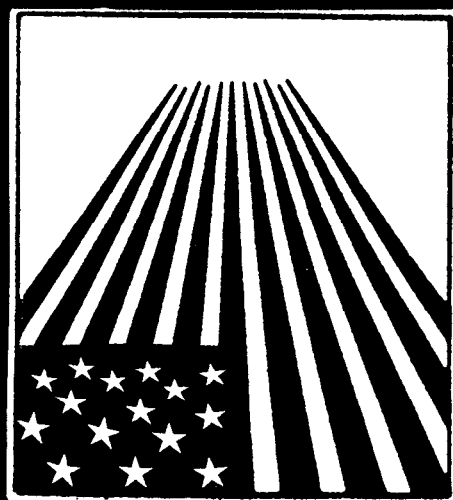
There is also recent evidence of a new trend called "countermigration" in which a small number of older people who moved to another state at retirement are moving back home or to a state where family members live. Though this trend is relatively small in absolute numbers, it is statistically significant.

Findings from the Retirement Migration Project show that Florida lost significant numbers of elderly migrants to states outside the Sunbelt—namely Michigan, New York, Ohio, and Pennsylvania, all states which also send migrants to Florida. For example, 56 percent of the more than 9,000 elderly Florida residents who moved to New York between 1975 and 1980 were born in New York, more than double the number who moved to New York from Florida between 1965 and 1970. The average age of these countermigrants was 73 years. Another Sunbelt state, California, also lost older migrants to other areas—but not to states that generally lose large numbers to California. Those leaving the Sunbelt are more likely to have incomes below the poverty line, and many are disabled or are living in institutions or homes for the aged.

⁶Charles F. Longino, Jr., Jeanne C. Biggar, Cynthia B. Flynn, and Robert F. Wiseman. "The Retirement Migration Project" (final report to the National Institute on Aging). Center for Social Research in Aging, University of Miami (September 1984).

Chapter 2

Economic Status



Economic Status

Older Americans have a lower economic status than other adults in our society. This largely results from changes in status often associated with aging. In retirement, elderly people lose earnings and become reliant instead upon Social Security benefits supplemented with pensions and the assets they have accumulated over their lifetimes. With limited potential to improve their income through work, older people become economically vulnerable to circumstances over which they have no control: the loss of a spouse, deterioration of their health and self-sufficiency, Social Security and Medicare legislation, and inflation.

In recent years, there has been a growing perception that the economic status of the elderly has improved significantly, and that they now have economic resources approximating those of the younger working population. The common assumption is that many elderly have economic benefits and resources other than cash that enable them to meet their needs in retirement. In fact, if all of these additional resources could be converted to a cash value, the economic status of the elderly would be closer to that of the nonelderly.

However, while some older people have substantial resources, others have practically none. The economic status of the elderly is far more varied than that of any other age group. An over-reliance on comparisons of average statistics conceals the simple fact that more than a fourth of the elderly have incomes and other economic resources below or just barely above the poverty level.

MEDIAN CASH INCOME

OLDER PEOPLE HAVE SUBSTANTIALLY LOWER CASH INCOMES THAN THOSE UNDER 65

Compared strictly on the basis of money income, people 65+, on average, receive substantially less than those under age 65. In 1989, the median income of families with heads age 65+ was \$22,806, about 63 percent of the median income of families with heads in their peak earning years, age 25 to 64, (\$36,058) (table 2-1 and chart 2-1). The median income of elderly people not living in families was \$9,422, about 46 percent that of comparable nonelderly people (\$20,277).¹

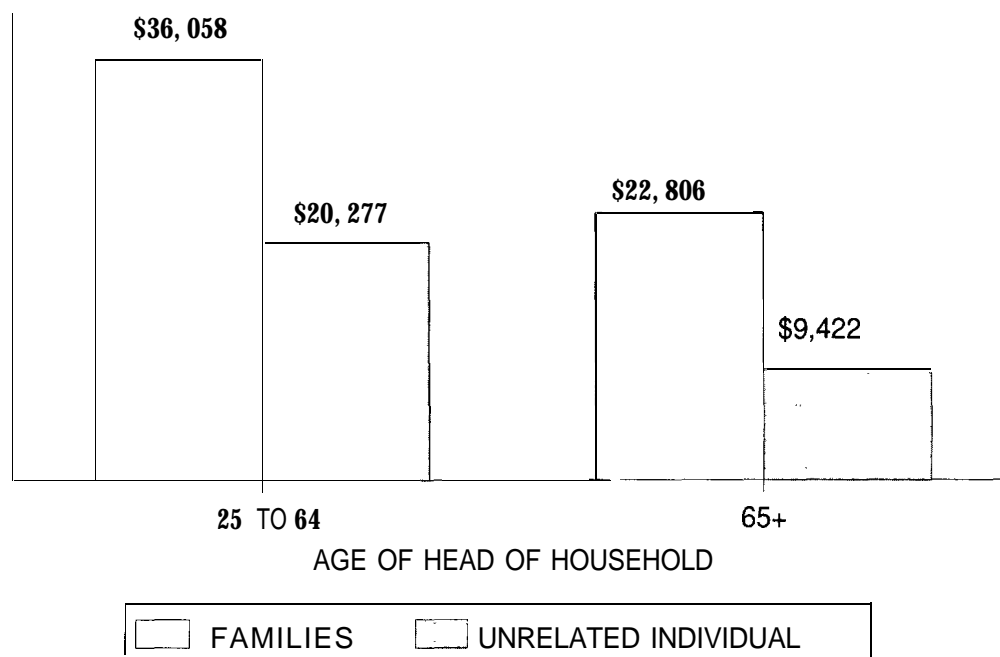
¹Selected median income statistics in this chapter were calculated by the Congressional Research Service (CRS) from the U.S. Bureau of the Census, March 1990 Current Population Survey. CRS's calculated medians are derived from individual records and vary slightly from published Census Bureau statistics based on grouped data.

Table 2-1
MEDIAN INCOME OF FAMILIES AND UNRELATED INDIVIDUALS: 1989

Type of unit and age	Median income
Families:	
Head 25 to 64	\$36,058
Head 65+	\$22,806
65 to 74	\$24,868
75 to 84	\$19,520
85+	\$17,600
Unrelated individuals:	
25 to 64	\$20,277
65+	\$9,422
65 to 74	\$10,821
75 to 84	\$8,684
85+	\$7,947

SOURCE: U.S. Bureau of the Census. Unpublished data from the March 1990 Current Population Survey.

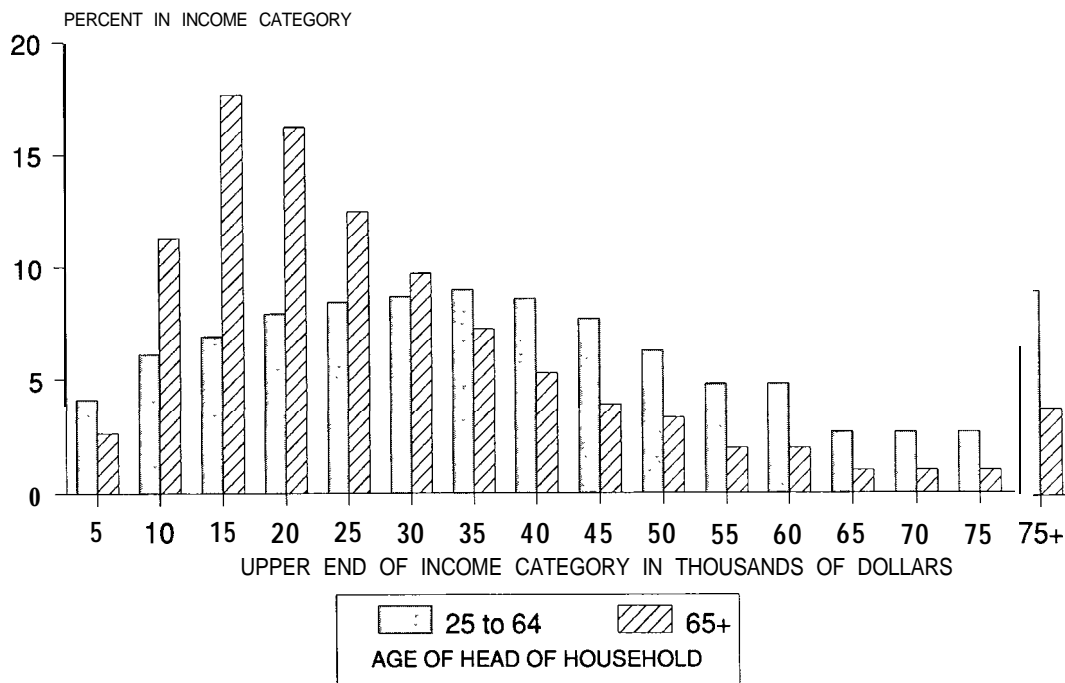
Chart 2-1
MEDIAN INCOME OF FAMILIES AND UNRELATED INDIVIDUALS: 1989



SOURCE: U.S. Bureau of the Census. Unpublished data from the March 1990 Current Population Survey.

The distribution of money income is substantially disparate among the elderly compared with younger age groups. In 1989, 70 percent of people age 65+ had money incomes below \$15,000, compared with only 37 percent of people age 45 to 54.² However, there is a greater concentration of nonelderly families than elderly families at the very lowest income level (chart 2-2). This may indicate the better income protection available for the elderly poor as opposed to the nonelderly, but also may reflect the number of nonelderly business owners and other entrepreneurs who report low or negative incomes due to business losses.

Chart 2-2
DISTRIBUTION OF MONEY INCOME OF ELDERLY AND NONELDERLY FAMILIES: 1987



SOURCE: March 1988 *Current Population Survey*. Data prepared by the Congressional Research Service.

²U.S. Bureau of the Census. "Money Income and Poverty Status in the United States: 1989," *Current Population Reports Series P-60*, No. 168, (September 1990).

POVERTY STATUS

WHILE THE ELDERLY ARE ABOUT AS LIKELY AS THE NONELDERLY TO BE POOR, A GREATER PROPORTION OF THE ELDERLY LIVE NEAR POVERTY

Elderly people are more likely than other adults to be poor. However, when children are considered, poverty rates of the elderly are slightly below poverty rates for the rest of the population. In 1989, 11.4 percent of people age 65+ were below the poverty level, compared with 10.2 percent of those age 18 to 64, and 13.0 percent of all people under age 65.³ The high poverty rate of children has pushed the overall poverty rate for people under age 65 above that for people over age 65.

The elderly are much more likely than the nonelderly, however, to have incomes just above the poverty level. In 1989, 15.8 percent of people age 65+ were in families or were unrelated individuals with incomes between the poverty level and one-and-one-half times the poverty level. At the same time, only 8.2 percent of those under age 65 were in families or were unrelated individuals with incomes that fell within this range (table 2-2, chart 2-3).

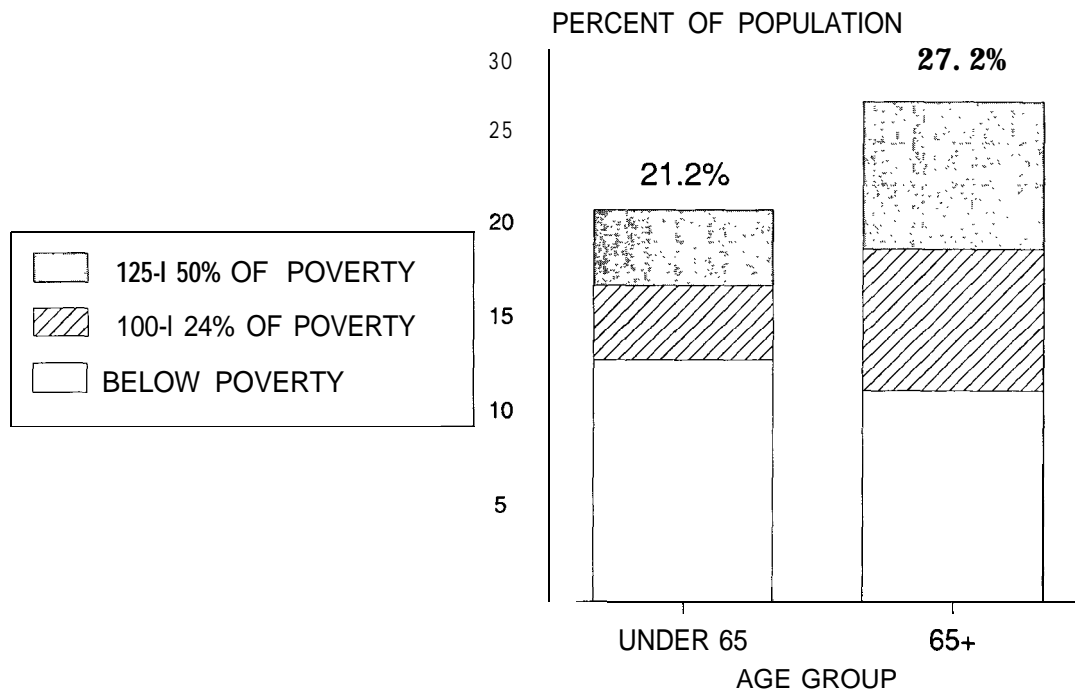
Table 2-2
ELDERLY AND NONELDERLY PEOPLE, BY RATIO OF INCOME TO POVERTY: 1989

Ratio of income to poverty level	Number (in thousands)		Percent	
	Under 65	65+	Under 65	65+
Below poverty	28,165	3,369	13.0	11.4
100 to 124 percent of poverty level	8,845	2,280	4.1	7.7
125 to 149 percent of poverty level	8,979	2,404	4.1	8.1
Total below 150 percent of poverty level	45,989	8,053	21.2	27.2

SOURCE: U.S. Bureau of the Census, "Money Income and Poverty Status in the United States: 1989." Current Population Reports Series P-60, No. 168 (September 1990).

³Poverty is a measure of the adequacy of money income in relation to a minimal level of consumption (the poverty level). This level is fixed in real terms and adjusted for family size. The dollar values of the poverty levels are adjusted each year to reflect changes in the consumer price index (CPI). In 1989, the poverty level for a family of four was \$12,675, for an elderly couple, \$7,501, and for an elderly individual, \$5,947.

Chart 2-3
PERCENT OF ELDERLY AND NONELDERLY BELOW AND NEAR POVERTY: 1989



SOURCE: U.S. Bureau of the Census, "Money Income and Poverty Status in the United States: 1989." *Current Population Reports* Series P-60, No. 168 (September 1990).

Poverty level data across age groups, however, cannot be considered exactly comparable. The Census Bureau uses a different poverty standard or income threshold when determining poverty among the elderly and the nonelderly. In 1989, unrelated individuals under age 65 with incomes below \$5,947 were considered poor while those age 65+ were not defined as poor unless their income was below \$6,452. The differential among elderly and nonelderly couples was even greater—\$7,501 versus \$8,343. Therefore, comparisons of data on poverty status for the elderly and nonelderly should take into account the assumptions regarding the existence and size of these differentials in poverty thresholds.

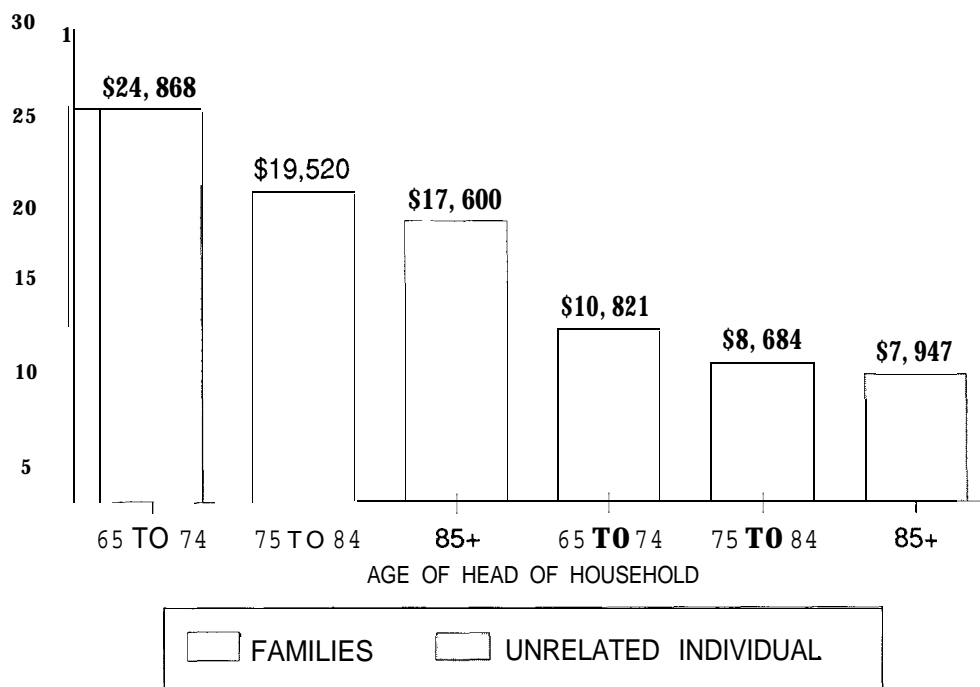
AGE AND INCOME

THE OLDEST AMONG THE ELDERLY HAVE THE LOWEST MONEY INCOMES

People who are 85+ (oldest old) years of age have significantly lower money incomes than those who are age 65 to 74 (young old), or age 75 to 84 (old old). In 1989, the median cash income of families age 85+ (\$17,600) was less than three quarters of the median cash income of families age 65 to 74 (\$24,868). The median income for unrelated individuals age 85+ (\$7,947) was about 73 percent of the income of individuals age 65 to 74 (\$10,821) (chart 2-4, table 2-1).

Chart 2-4

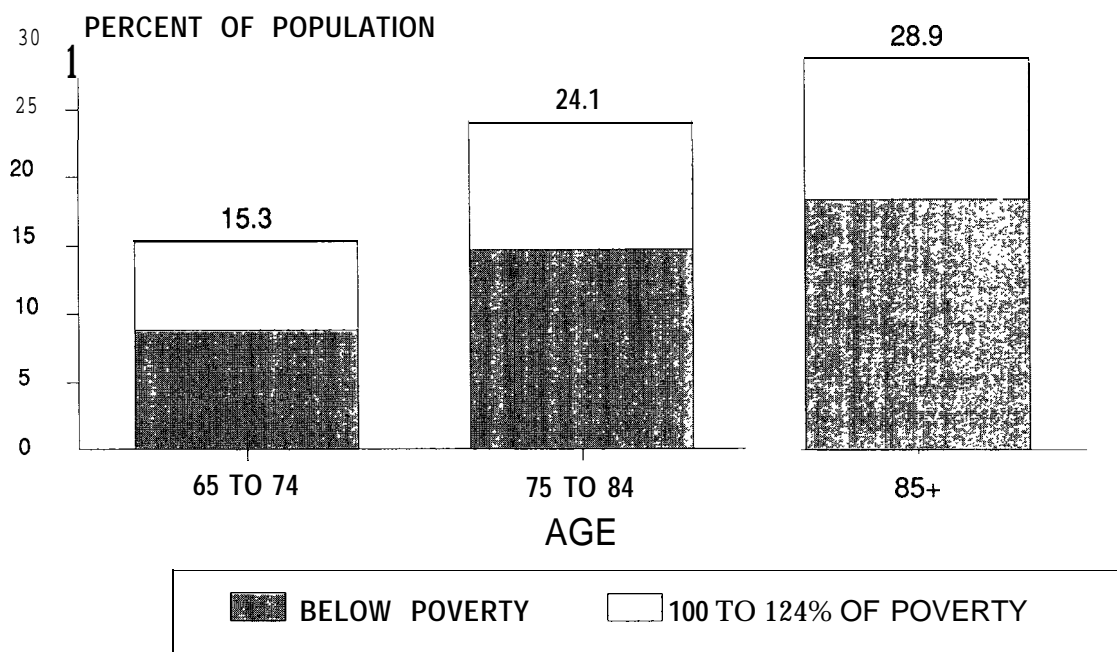
MEDIAN INCOME OF OLDER FAMILIES AND UNRELATED INDIVIDUALS, BY AGE GROUP: 1989



SOURCE: March 1990 *Current Population Survey*. Data prepared by the Congressional Research Service

In addition, the oldest elderly are the most likely to have incomes below or just above the poverty level (chart 2-5 and table Z-3). In 1989, the poverty rate for people 85+ was 18.4 percent-more than twice the 8.8 percent rate of those 65 to 74 years old.

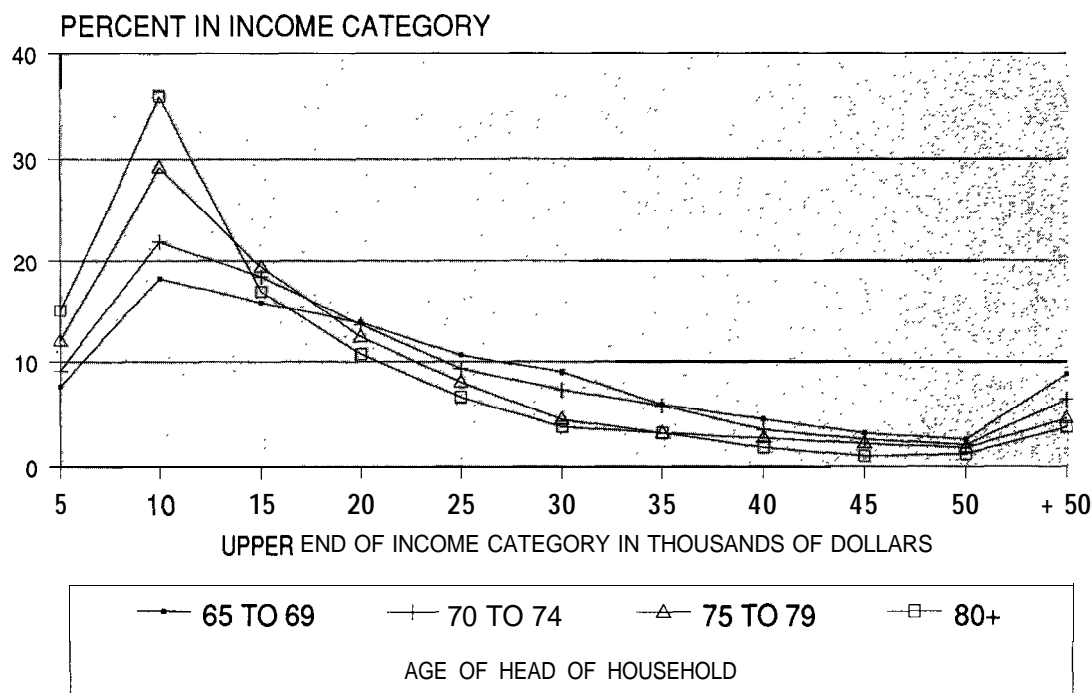
Chart 2-5
OLDER PEOPLE BELOW AND NEAR POVERTY LEVEL, BY AGE GROUP: 1989



SOURCE: March 1990 Current *Population Survey*. Data prepared by the Congressional Research Service.

Strictly on the basis of annual cash income, today's generation of the oldest old has substantially fewer resources than the young elderly. Not only is the median income of people age 85+ substantially lower than the median for younger groups, but there is a much greater concentration of the oldest old in the lowest income ranges for older families and unrelated individuals (chart 2-6).

Chart 2-6
INCOME OF OLDER FAMILIES AND UNRELATED INDIVIDUALS, BY AGE OF HEAD: 1989



SOURCE: Unpublished data from the March 1990 *Current Population Survey*.

There are good reasons to believe that income declines with age. Two factors clearly contribute to this decline: changes in marital status and changes in sources of income. These relationships are explored in greater detail in subsequent sections of this chapter.

SEX, MARITAL STATUS, AND INCOME

OLDER WOMEN HAVE LOWER MONEY INCOMES THAN OLDER MEN

The low money incomes of older women are largely associated with a pattern of lifelong economic dependency on men and with status changes that occur in old age. In 1989, the median income of elderly women was \$7,655—58 percent that of elderly men (\$13,107) (table 2-4). As shown in table 2-3, older women in every age group were substantially more likely to be poor than men of the same age. Overall, only 7.8 percent of the men age 65+ were poor, compared with 14.0 percent of the women. The oldest women were the poorest—1 in 5 women age 85+ was poor in 1989.

Table 2-3
PERCENT OF OLDER PEOPLE, BY RATIO OF INCOME TO POVERTY LEVEL, BY AGE AND SEX: 1989

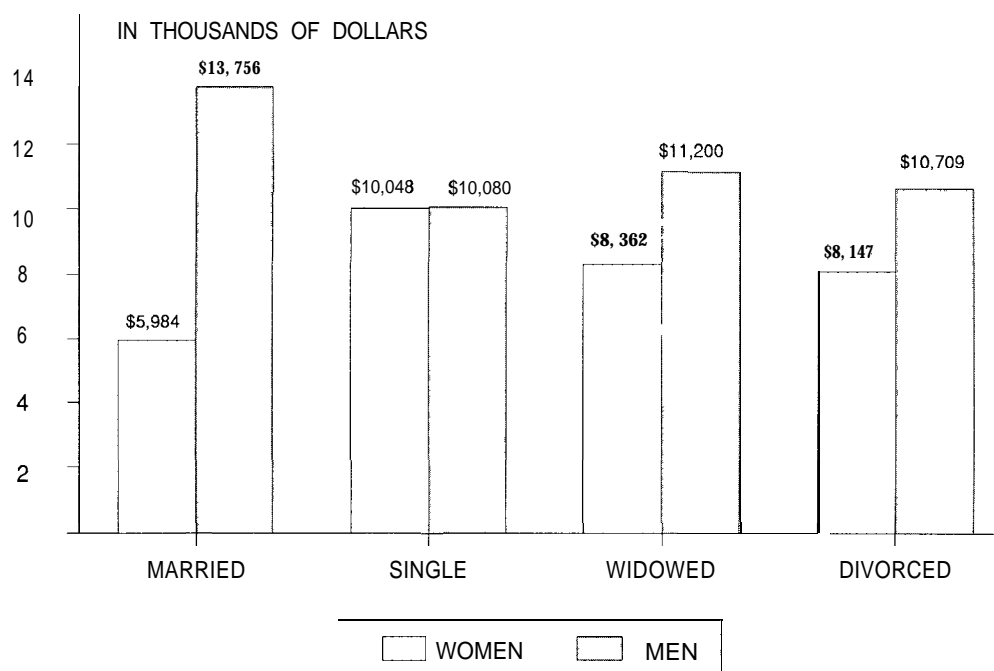
Ratio of income to poverty level	Age			
	65 to 74	75 to 84	85+	Total 65+
Both sexes:				
Below poverty level.....	8.8	14.7	18.4	11.4
100 to 124 percent of poverty level.....	6.5	9.4	10.5	7.7
Men:				
Below poverty level.....	6.6	9.8	11.3	7.8
100 to 124 percent of poverty level.....	5.6	7.0	8.4	6.2
Women:				
Below poverty level.....	10.6	17.7	22.1	14.0
100 to 124 percent of poverty level.....	7.2	10.9	11.5	8.8

SOURCE: Bureau of the Census. Unpublished data from the March 1990 Current Population Survey.

Older women of every marital status had low personal incomes. Although married women had the lowest median income (\$5,984) largely due to continuing dependence on the earnings or pension income of a husband, they also were likely to benefit from his income. Married men had the highest median income (\$13,756) of any group (chart 2-7 and table 2-4).

The economic status of women living alone was more precarious than that of married women because of the lack of additional financial support. In 1989, widows and divorced women had the lowest and second-lowest median incomes of unmarried women, reflecting the loss of pension income and earnings often associated with the divorce or the death of a wage-earning spouse. The median income of widowed women (\$8,362) was 75 percent of that of widowed men (\$11,200), because men are more likely to retain pension or earned income after the death of a spouse.

Chart 2-7
MEDIAN INCOME OF ELDERLY MEN AND WOMEN, BY MARITAL STATUS: 1989



SOURCE: March 1990 Current Population Survey. Data prepared by the Congressional Research Service.

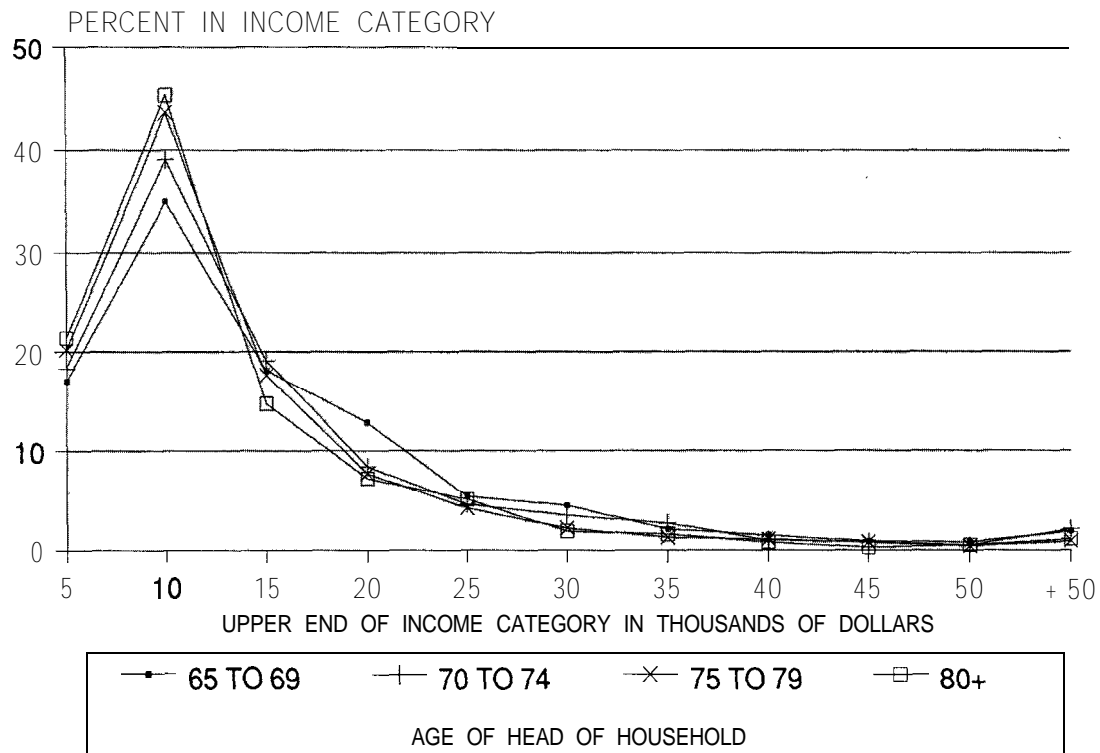
Table 2-4
MEDIAN INCOME OF PEOPLE AGE 65+, BY MARITAL STATUS: 1989

Marital status	Both sexes	Men	Women
Married.....	\$10,073	\$13,756	\$5,984
Single.....	10,066	10,080	10,048
Widowed.....	8,756	11,200	8,362
Divorced.....	<u>9,298</u>	<u>10,709</u>	8,147
All people 65+	\$9,578	\$13,107	\$7,655

SOURCE: Bureau of the Census. Unpublished data from the March 1990 *Current Population Survey*.

Part of the difference between the income distributions of the oldest old and the youngest old appears to be attributable to the greater concentration of unrelated people in the oldest old population. The income distributions of different age groups of unrelated people are remarkably similar. Unrelated people are heavily concentrated in low income ranges with a sharply peaked distribution. The distribution is only slightly more peaked for older unrelated people than for younger ones, but the differences are minor (chart 2-8).

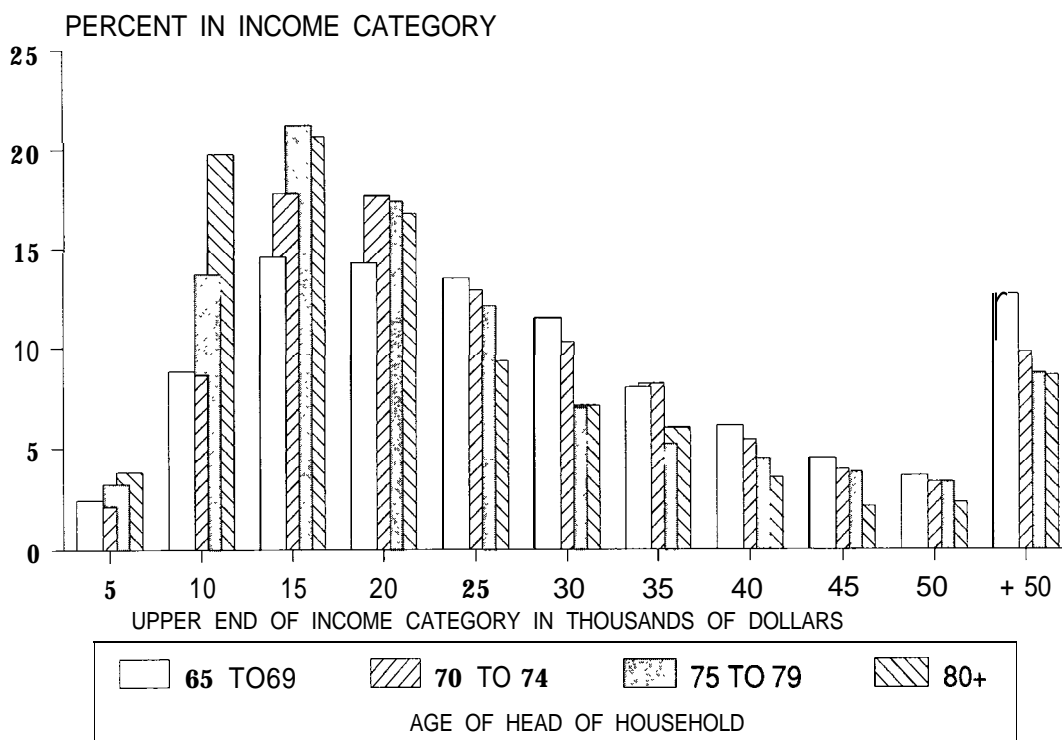
Chart 2-8
INCOME OF OLDER UNRELATED INDIVIDUALS, BY AGE: 1989



SOURCE: Unpublished data from the March 1990 Current Population Survey.

The peaks in the income distribution for elderly families occur at higher income categories than those for elderly unrelated people (chart 2-9).

Chart 2-9
INCOME OF OLDER FAMILIES, BY AGE OF HEAD: 1989



SOURCE: Unpublished data from the March 1990 Current Population Survey.

The differences in the income distributions of single elderly people compared with those of elderly couples imply that marital status change, particularly due to the death of a spouse, is an important factor contributing to age cohort differences in income among the elderly. More than half of the population age 65 to 74 is married, **while nearly three-quarters of those age 85+ are widowed.**

RACE AND INCOME

MINORITY ELDERLY HAVE LOW MONEY INCOMES

Black and Hispanic elderly have substantially lower money incomes than their white counterparts. As shown in table 2-5 and chart 2-10, the median income in 1989 of black men age 65+ (\$8,192) was **61** percent that of white men (\$13,391), and the median income of Hispanic men age 65+ (\$8,469) was 63 percent that of white men. Black and Hispanic women also had lower median incomes than their white counterparts. The median income of black women age 65+ (\$5,059) was 65 percent that of white women (\$7,816) and the median income of Hispanic women of the same ages (\$4,992) was 64 percent that of white women.

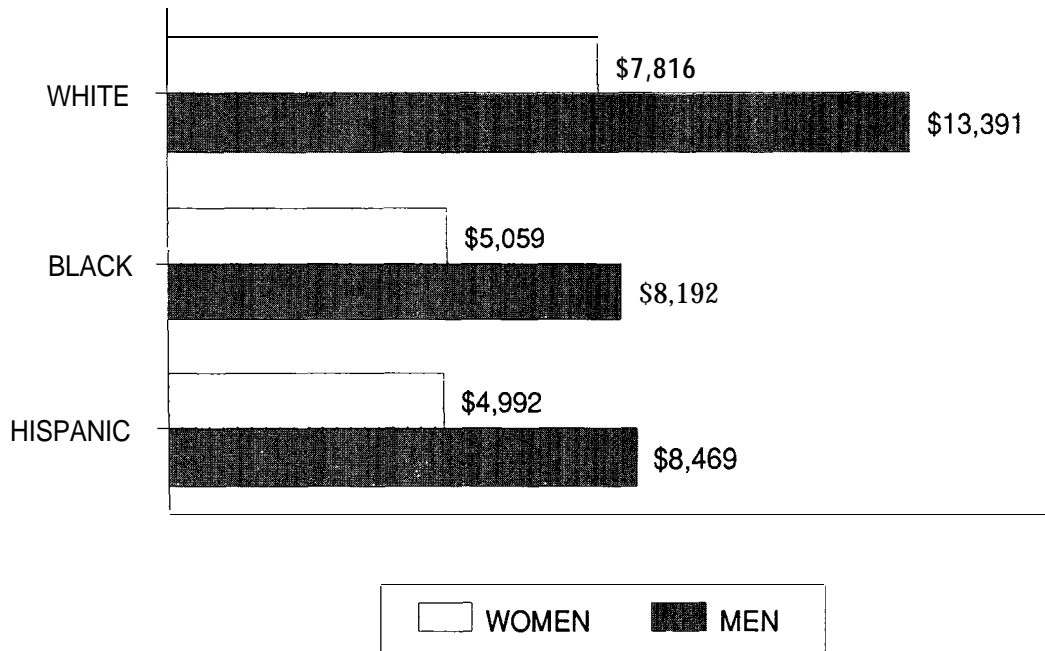
Table 2-5
MEDIAN INCOME OF PEOPLE AGE 65+, BY AGE, RACE, HISPANIC ORIGIN, AND SEX: 1989

Race and Hispanic origin	Both sexes			Men			Women		
	65+	65 to 69	70+	65+	65 to 69	70+	65+	65 to 69	70+
All races	9,420	10,722	8,936	13,024	15,273	12,022	7,508	7,584	7,476
White.....	9,838	11,323	9,305	13,391	15,680	12,410	7,816	7,977	7,756
Black.....	5,772	6,552	5,517	8,192	10,464	7,224	5,059	5,235	5,032
Hispanic*.....	5,978	6,664	5,715	8,469	10,240	6,816	4,992	4,640	5,112

SOURCE: Unpublished data from the March 1990 Current Population Survey.

*Hispanic people may be of any race.

Chart 2-10
MEDIAN INCOME OF ELDERLY MEN AND WOMEN, BY RACE AND HISPANIC ORIGIN: 1989



SOURCE: March 1990 *Current Population Survey*.

As shown in table 2-6, poverty rates are much higher among minority elderly than among white elderly. In 1989, the poverty rate among black elderly people (30.8 percent) was more than triple, and among Hispanic elderly people (20.6 percent), more than double the poverty rate among white elderly people (9.6 percent).

Poverty rates are higher for people who are not living in families. The highest poverty rates are associated with minority women living alone. In 1989, 3 of every 5 elderly black women living alone (60.6 percent) had incomes below the poverty level (table 2-6).

Table 2-6
NUMBER AND PERCENT OF ELDERLY BELOW POVERTY, BY RACE, HISPANIC ORIGIN, SEX, AND LIVING
ARRANGEMENT: 1989

Race & Hispanic origin	Living arrangement of people below poverty level							
	Number (thousands)				Percent			
	Total	Alone	With spouse	With others	Total	Alone	With spouse	With others
All races:								
Men	965	339	525	101	7.8	17.4	5.6	10.4
Women.. ..	2,404	1,705	390	310	14.0	23.3	5.2	12.7
Total	3,369	2,044	915	411	11.4	22.0	5.4	12.0
White:								
Men	723	240	431	52	6.6	13.9	5.0	7.2
Women.. ..	1,819	1,339	318	162	11.8	20.0	4.6	8.5
Total	2,542	1,579	748	214	9.6	18.8	4.8	8.1
Black:								
Men	221	96	80	46	22.1	48.2	13.7	21.0
Women.. ..	544	350	57	138	36.7	60.6	13.0	29.6
Total	766	445	137	183	30.8	57.3	13.4	26.6
Hispanic:*								
Men	87	26	53	8	18.6	34.7	15.1	19.5
Women.. ..	124	62	33	29	22.4	41.9	12.4	20.4
Total	211	88	86	37	20.6	39.5	13.9	20.2

SOURCE: Unpublished data from the March 1990 Current Population Survey.

NOTE: Details may not add to total due to rounding.

*Hispanic people may be of any race.

SOURCES OF INCOME, RESIDENCE, EDUCATION, AND OTHER FACTORS

MULTIPLE FACTORS PRODUCE HIGH POVERTY RATES

As noted, the elderly population as a whole has a higher poverty rate than the balance of the adult population, but some subgroups of this population have even higher poverty rates. These subgroups (women, minorities, and those who live alone) have been growing most rapidly in number. They represent 7 of every 10 non-institutionalized older people, but 9 of every 10 elderly poor people. The oldest of the old also have poverty rates well above the average for the elderly.

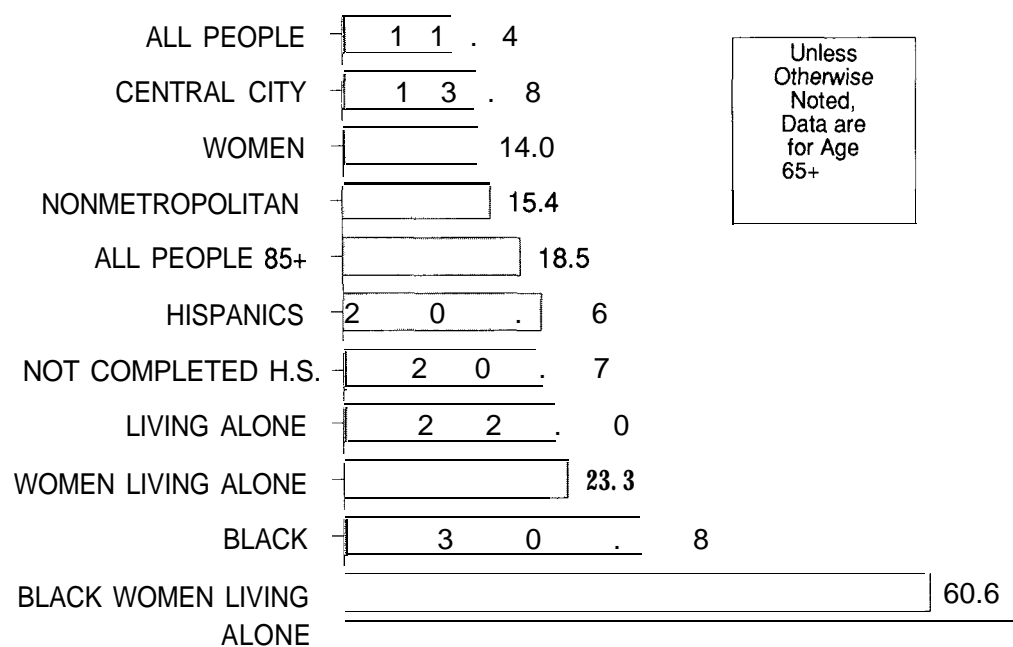
Other groups with high poverty rates within the older population include people who did not work in the previous year, residents of nonmetropolitan areas or of poverty areas in large cities, widows, people with little formal education, the ill or disabled, and people who rely on Social Security as their sole source of income (chart 2-11).

People with several of these characteristics have an even greater chance of being poor. For example, 3 of every 5 black women (**60.6** percent) who lived alone and were age 65+ were poor.

Poverty is also more likely to be long-term among the elderly than among the general population. Studies on long-term family income trends conducted by the Institute for Social Research at the University of Michigan suggest that the reason poverty is more frequently permanent for older Americans compared with the rest of the population is that the elderly poor have limited opportunities to escape poverty through the two most common means—a good job or marriage.⁴

⁴Greg J. Duncan, *Years of Poverty, Years of Plenty: The Changing Economic Fortunes of American Workers and Families*. Institute for Social Research, University of Michigan (1984).

Chart 2-11
PERCENT OF ELDERLY BELOW THE POVERTY LEVEL, BY SELECTED CHARACTERISTICS: 1989



SOURCE: US. Bureau of the Census. "Money Income and Poverty Status in the United States: 1989." *Current Population Reports* Series P-60, No. 168 (September 1990) and unpublished data from the March 1990 *Current Population Survey*.

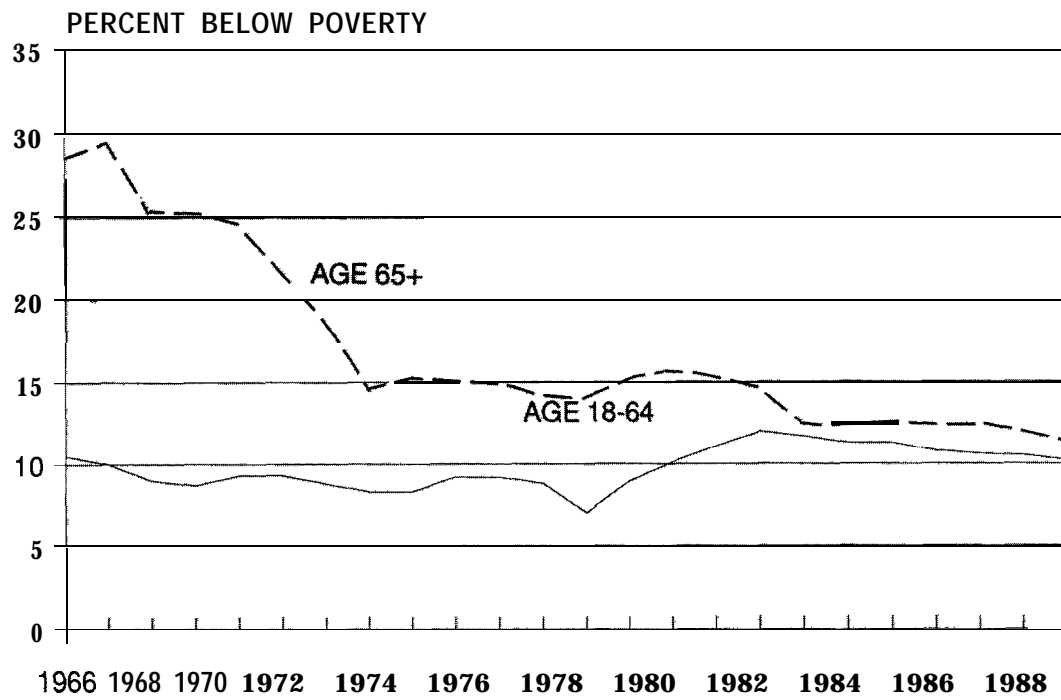
TRENDS IN INCOME AND POVERTY: 1960-1974

MOST OF THE RELATIVE GAINS IN INCOME FOR THE ELDERLY WERE ACCOMPLISHED BETWEEN 1960 AND 1974

In 1960, 1 in every 3 older Americans was poor—a rate of poverty twice that of nonelderly adults. During the 1960s and early 1970s, substantial gains occurred in the average income of the elderly. These gains are attributed to a general increase in the standard of living and specific improvements in Social Security and employer-sponsored pension benefits. Those retiring during the period also benefited increasingly from lengthening periods of coverage under Social Security and pension plans. The most noticeable gains in the average income of the elderly came as a result of benefit increases enacted in Social Security between 1969 and 1972. Legislated cost-of-living increases from 1968 to 1971 raised benefits by 43 percent, while prices increased by only 27 percent. The 1972 Social Security amendments mandated an additional 20 percent increase in benefits.

The resulting improvements in the economic status of the elderly were significant. The poverty rate among those age 65+ was cut in half, declining from 28.5 percent in 1966 to 14.6 percent in 1974. During this period, the poverty rate among nonelderly adults declined less substantially, from 10.5 percent in 1966 to 8.3 percent in 1974 (chart 2-12 and table 2-7).

Chart 2-12
POVERTY RATES OF ELDERLY AND NONELDERLY ADULTS: 1966-1989



SOURCE: U.S. Bureau of the Census. "Money Income and Poverty Status in the United States: 1989." *Current Population Reports*, Series P-60, No. 168 (September 1990).

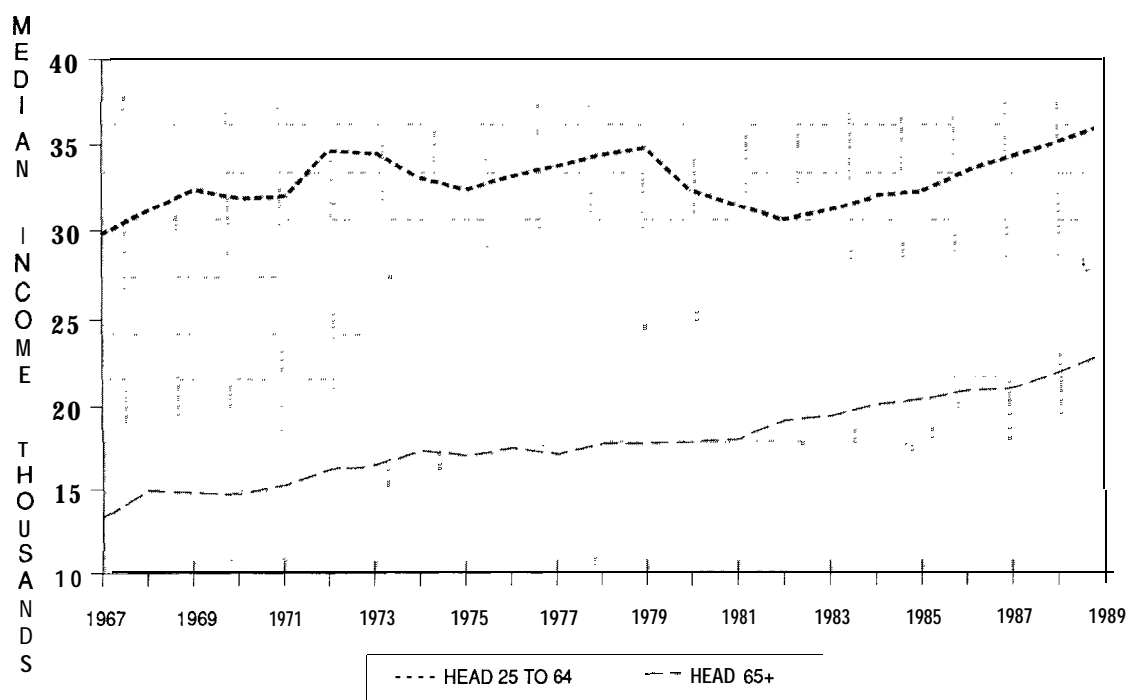
Table 2-7
POVERTY RATES FOR ELDERLY AND NONELDERLY ADULTS: 1966 TO 1989

Year	Poverty rate		Year	Poverty rate	
	18 to 64	65+		18 to 64	65+
1966	10.5	28.5	1978	8.7	14.0
1967	10.0	29.5	1979	8.9	15.2
1968	9.0	25.0	1980	10.1	15.7
1969	8.7	25.3	1981	11.1	15.3
1970	9.0	24.6	1982	12.0	14.6
1971	9.3	21.6	1983	12.4	13.8
1972	8.8	18.6	1984	11.7	12.4
1973	8.3	16.3	1985	11.3	12.6
1974	8.3	14.6	1986	10.8	12.4
1975	9.2	15.3	1987	10.6	12.5
1976	9.0	15.0	1988	10.5	12.0
1977	8.8	14.1	1989	10.2	11.4

SOURCE: U.S. Bureau of the Census. "Money Income and Poverty Status in the United States: 1989." Current *Population Reports*, Series P-60, No. 168 (September 1990).

The median income for families with a head age 65+ rose in constant (1989) dollars by a third—from \$13,950 in 1966, to \$18,877 in 1974. Growth in the median income for families with a head between age 25 and 64 also rose in constant (1989) dollars over this period, but not nearly as rapidly as that of elderly families—from \$31,176 in 1966 to \$36,169 in 1974, an increase of 16 percent (chart 2-13 and table 2-8).

Chart 2-13
MEDIAN INCOME OF ELDERLY AND NONELDERLY FAMILIES IN 1989 DOLLARS: 1967-1989



SOURCE: U.S. Bureau of the Census. Current *Population Reports*, various reports in Series P-60.

Table 2-8
MEDIAN FAMILY INCOME OF ELDERLY AND NDNELDERLY FAMILIES: 1965-1989

Year	Median family income				CPI (1982-1984=100)
	1989 dollars		Current dollars		
	Head 25 to 64	Head 65+	Head 25 to 64	Head 65+	
1965	\$29,669	\$13, 620	\$7, 537	\$3, 460	31. 5
1966	31, 176	13, 950	8, 146	3, 645	32. 4
1967	32, 496	14, 583	8, 753	3, 928	33. 4
1968	33, 890	16, 362	9, 511	4, 592	34. 8
1969	35, 267	16, 228	10, 438	4, 803	36. 7
1970	34, 768	16, 149	10, 879	5, 053	38. 8
1971	34, 922	16, 696	11, 406	5, 453	40. 5
1972	37, 725	17, 704	12, 717	5, 968	41. 8
1973	37, 692	17, 946	13, 496	6, 426	44. 4
1974	36, 169	18. 877	14. 380	7. 505	49. 3
1975	35, 335	18, 570	15, 331	8, 057	53. 8
1976	36, 228	19, 005	16, 624	8, 721	56. 9
1977	36, 750	18, 641	17, 960	9, 110	60. 6
1978	37, 588	19, 287	19, 764	10, 141	65. 2
1979	37, 875	19, 331	22, 175	11, 318	72. 6
1980	35, 202	19, 384	23, 392	12, 881	82. 4
1981	34, 292	19, 555	25, 138	14, 335	90. 9
1982	33, 413	20, 711	26, 003	16, 118	96. 5
1983	33, 917	20, 993	27, 243	16, 862	99. 6
1984	34, 959	21. 739	29, 292	18, 215	103. 9
1985	35, 153	22, 031	30, 504	19, 117	107. 6
1986	36, 621	22, 551	32, 368	19, 932	109. 6
1987	37, 483	22, 718	34, 339	20, 813	113. 6
1988	37, 633	22, 751	35, 903	21, 705	118. 3
1989	36, 058	22, 806	36, 058	22, 806	124. 0

SOURCE: U.S. Bureau of the Census. Current *Population Reports*, various reports in Series P-60.

NOTE: CPI (Consumer Price Index) figures establish a baseline (100) of the cost of goods and services in 1982-1984, against which price increases and decreases can be measured.

TRENDS IN INCOME AND POVERTY: 1974-1989

INCREASING POVERTY AMONG THE NONELDERLY HAS CONTINUED TO CLOSE THE GAP IN THE ECONOMIC STATUS OF THE ELDERLY AND NONELDERLY

Economic stagnation in the late 1970s and early 1980s slowed real income increases for all age groups. Nonelderly people still in the labor force were more directly affected by the two recessions during this period than were the elderly. While real incomes of the nonelderly remained relatively constant during this period, the real incomes of the elderly rose slowly. Underlying the slow rise in elderly income was a growth in Social Security benefits resulting from the retirement of new generations with better wage records. Automatic annual Social Security cost-of-living adjustments (COLAs), which went into effect in 1975, served to keep the real benefits of those already retired from declining.

As a result, the gap in income between the elderly and nonelderly narrowed further between 1974 and 1982. The median income of families with a head age 65+ rose 10 percent in constant (1989) dollars, from \$18,877 in 1974, to \$20,711 in 1982; while the median income of families with a head under age 65 declined 8 percent in constant (1989) dollars, from \$36,169 in 1974, to \$33,413 in 1982 (chart 2-13 and table 2-8).

Poverty rates showed a similar trend. The poverty rate among the elderly remained fairly stable throughout the mid-1970s and early 1980s—ranging between 14.0 and 15.7 percent. At the same time, the poverty rate among nonelderly adults rose dramatically from a low of 8.3 percent in 1974 to a high of 12.0 percent in 1982 (table 2-7).

With the economic recovery of the last few years, income trends have shown a marked change from the pattern set in the late 1970s and early 1980s. Since 1982, wage earners have realized real gains paralleling those of the elderly. The median income of families with a head age 65+ rose slightly in constant (1989) dollar terms, from \$20,711 in 1982, to \$22,806 in 1989 (an increase of 10 percent); the median income of families with a head under age 65 also increased from \$33,413 in 1982, to \$36,058 in 1989 (an increase of 8 percent). At the same time, poverty rates have declined for both the elderly and nonelderly. The poverty rate among those age 65 has declined from 14.6 percent in 1982 to 11.4 percent in 1989. The poverty rate among people age 18 to 64 has declined from 12.0 percent in 1982 to 10.2 percent in 1989.

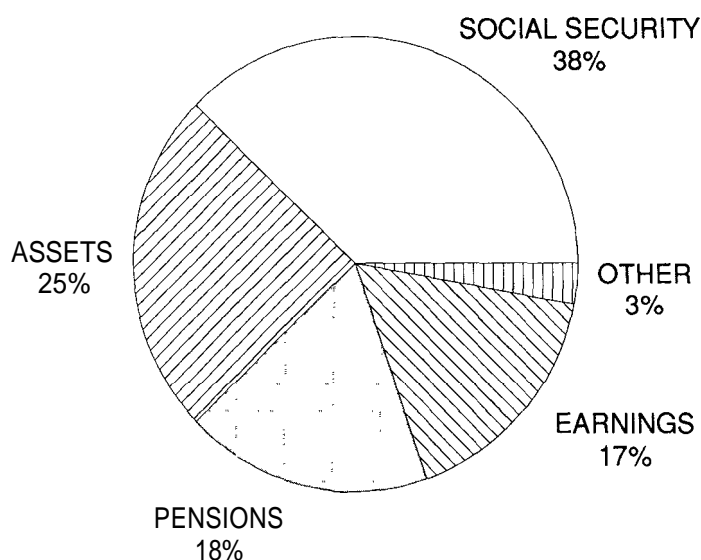
COMPOSITION OF INCOME

THE ELDERLY RELY HEAVILY ON SOCIAL SECURITY BENEFITS AND ASSET INCOME

The elderly depend more heavily on Social Security for their income than they do on any other source. In 1988, 38 percent of all income received by aged units came from Social Security (chart 2-14).⁵ Nine of every 10 aged units were receiving some income from Social Security, and 13 percent of the aged units received all of their income from Social Security. In all, 3 aged units in 10 depended on Social Security for 80 percent or more of their income. The elderly with the lowest incomes were the most dependent on Social Security benefits. In 1988, 79 percent of aggregate income received by aged units with incomes under \$5,000 came from Social Security benefits and 41 percent of these units received all of their income from Social Security. By contrast, only 23 percent of the aggregate income received by aged units with incomes of \$20,000 or more came from Social Security.

⁵Information in this section on composition of income is from Susan Grad, *Income of the Population 55 or Over, 1988*. Pub. No. 13-11871, Washington: Social Security Administration (June 1990). An aged unit is either a married couple living together with one or both members 65+, or an individual 65+ who does not live with a spouse. Income is measured separately from the income of the family or household in which the unit lives.

Chart 2-14
INCOME SOURCES OF UNITS AGE 65+: 1988



SOURCE: Susan Grad. *Income of the Population 65 or Over, 1988*. Pub. No. 13-I 1871, Washington: U.S. Social Security Administration (June 1990).

Income from assets was the second most important income source for the elderly. In 1988, 25 percent of the income received by aged units was income from assets. In recent years, savings and other asset income have grown in importance as sources of income, increasing from 18 percent of total income in 1976, to 25 percent by 1988. However, income from financial assets was unevenly distributed among the elderly in 1988, with one-third (32 percent) of the aged units reporting no asset income, and one-fourth (27 percent) of those with asset income reporting less than \$500 a year. Only 35 percent of those who had asset income received more than \$5,000 a year from this source.

Earnings from paid employment were a particularly important source of income to the younger elderly, but declined in importance with age. Overall, 17 percent of the income of aged units came from earnings. Those age 65 to 69 received 29 percent of their income from earnings, compared with only 2 percent for those 85+.

Employee pensions provided 18 percent of the income the elderly received in 1988. This share has risen slightly in recent years, and declined slightly by age group, from 19 percent of total income for units 65 to 69 years old, to 15 percent for those age 85+. Overall, 2 in 5 (42 percent) aged units received income from public and/or private pension benefits other than Social Security-over 1 in 4 (29 percent) received income from private pensions.

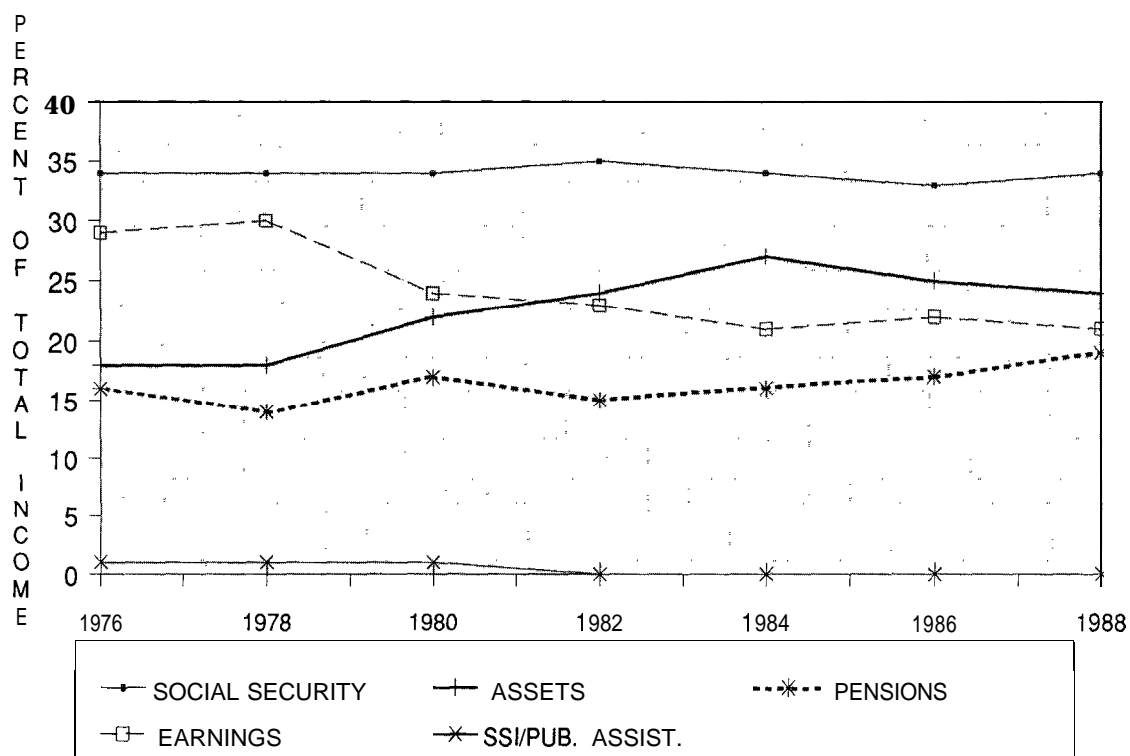
TRENDS IN COMPOSITION OF INCOME

SOCIAL SECURITY IS BECOMING AN INCREASINGLY IMPORTANT PART OF THE INCOME OF THE ELDERLY, WHILE EARNINGS CONTINUE TO DECLINE IN IMPORTANCE

The rapid growth in real benefit levels for Social Security during the late 1960s and early 1970s was accompanied by a substantial change in the composition of income the elderly received. In 1967, married couples age 65+ derived 39 percent of their income from earnings, while only 30 percent of their income came from Social Security.⁶ By 1976, Social Security had surpassed earnings as the leading source of income for these couples (chart 2-15 and table 2-9). This shift may also be due in part to more older people qualifying for Social Security benefits and the inclusion of groups such as the self-employed in the program.

⁶Lenore E. Bixby, et al. "Demographic and Economic Characteristics of the Aged: 1968 Social Security Survey." Research Report No. 45, Social Security Administration (1975).

Chart 2-15
SOURCE OF INCOME FOR MARRIED COUPLES 65+: 1976-1988



SOURCE: Susan Grad. *Income of the Population 55 or Over*, 1988, and earlier reports in this series. U.S. Social Security Administration.

Table 2-9
**PERCENT DISTRIBUTION OF AGGREGATE INCOME,
 BY SOURCE FOR UNITS, BY MARITAL STATUS: 1976-1988**

Type of unit and year	All sources	Social Security ¹	Assets	Pensions ^{1,2}	Earnings	SSI public assistance	Other sources
All units							
1976	100	39	18	14	23	2	2
1978	100	38	19	14	23	2	2
1980	100	39	22	15	19	1	3
1982	100	39	25	14	18	1	2
1984	100	38	28	14	16	1	2
1986	100	38	26	15	17	1	2
1988	100	38	25	18	17	1	2
Married couples							
1976	100	34	18	16	29	1	2
1978	100	34	18	14	30	1	1
1980	100	34	22	17	24	1	1
1982	100	35	24	15	23	0	1
1984	100	34	27	16	21	0	1
1986	100	33	25	17	22	0	1
1988	100	34	24	19	21	0	2
Unmarried individuals							
1976	100	46	19	13	13	4	3
1978	100	46	21	14	12	3	3
1980	100	47	23	13	11	3	2
1982	100	45	27	13	10	2	2
1984	100	44	31	12	8	2	2
1986	100	45	28	14	9	2	2
1988	100	44	26	16	10	2	2

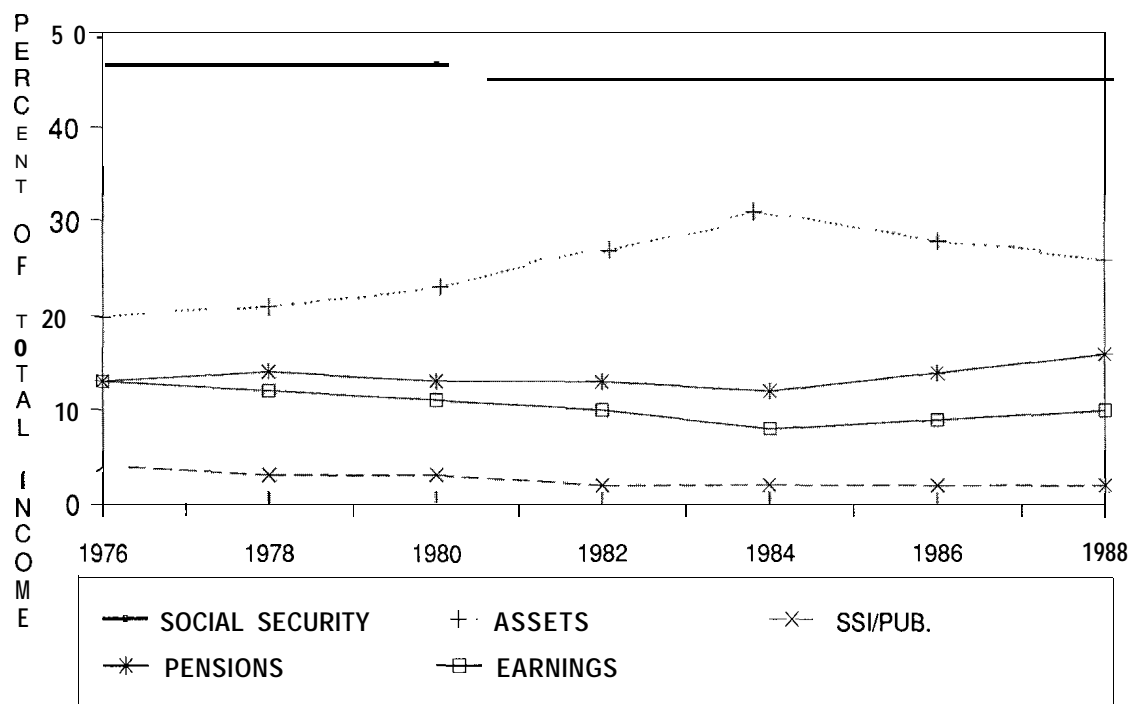
SOURCE: Susan Grad. *Income of the Population 5.5 or Over, 1988* and **earlier reports** in this **series**. U.S. Social Security Administration.

NOTE: Units are married couples living together—at least one of whom is 65+—and unmarried people 65+. Income of aged units does not include income from other household members.

¹For all years except 1988, data for Social Security and pensions exclude the relatively small amounts from these sources received by people who reported receiving both sources because only the combined amount is known.

²Includes Railroad Retirement, government employee pensions, and private pensions or annuities

Chart 2-16
SOURCE OF INCOME FOR UNMARRIED PEOPLE 65+: 1976-1988



SOURCE: Susan Grad. *Income of the Population 55 or Over, 1988*, and earlier reports in this series. U.S. Social Security Administration.

A substantial decline in the role of earnings has been the most notable feature of this change. The trend toward earlier retirement among older men has caused labor force participation rates of men age 65+ to drop from 33 percent in 1960 to 17 percent in 1989 (table 3-4). As a result, earnings that accounted for 29 percent of the income of elderly married couples in 1967 accounted for only 21 percent in 1988.

Social Security grew in importance as a source of income to elderly married couples between 1967 and 1976, but its proportion among sources of income has remained relatively stable since then. The proportion of older couples' income coming from Social Security benefits increased from 30 percent in 1967 to 34 percent in 1976, largely as a result of legislated benefit increases in the late 1960s and early 1970s. In recent years, a particularly steep decline in the role of earnings has

been offset by an increase in the role of assets and pensions as a source of income. This shift was most pronounced for older couples between 1978 and 1984, when earnings dropped from 30 to 21 percent, while assets increased from 18 to 27 percent, and pensions grew from 14 to 16 percent of total income. Comparable fluctuations in income sources as a percentage of income were recorded for the unmarried elderly (table 2-9 and chart 2-16).

Table 2-10
PERCENT OF TOTAL UNIT INCOME¹ FROM VARIOUS SOURCES,
BY THE RATIO OF TOTAL INCOME TO THE POVERTY THRESHOLD²,
FOR UNITS AGE 65+: 1989

Source of income	Ratio of total unit income to poverty threshold								Total
	0 to 0.99	1.00 to 1.24	1.25 to 1.49	1.50 to 1.99	2.00 to 2.99	3.00 to 4.99	5.00 and over	1.00 and over	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Earnings	0.1	1.8	3.2	3.9	7.1	12.7	25.3	11.7	15.4
OASDI, railroad retirement ..	79.3	79.9	76.4	67.8	53.1	37.0	17.0	36.4	37.8
Pensions	3.7	5.1	7.1	12.8	20.1	23.8	19.2	19.0	18.5
Unemployment compensation, veterans payments	1.2	2.9	1.3	1.4	1.2	1.1	0.6	1.0	1.0
AFDC, SSI, general assistance..	11.6	4.5	3.8	1.6	0.5	0.2	0.1	0.1	0.9
Child support, alimony	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Interest, dividends	3.7	4.6	6.7	10.0	14.8	21.7	32.3	23.1	22.5
Other income	0.3	1.1	1.5	2.4	3.1	3.4	5.4	8.6	3.8

SOURCE: U.S. Bureau of the Census. Unpublished data from the March 1990 Current Population Survey.

NOTE: Units are married couples living together—at least one of whom is 65+—and unmarried people 65+. Income of aged units does not include income from other household members.

¹Only for units with non-negative income.

²Based on Bureau of Census poverty levels.

THE ELDERLY POOR RELY HEAVILY ON SOCIAL SECURITY

Table 2-10 describes the percent of the total income of elderly units that is derived from various sources, broken down by income level. Less than 1 percent of total family income for poor units is composed of earnings, compared with 11.7 percent of nonpoor units. Pension income accounts for 3.7 percent of total income received by poor units, while it comprises 19 percent for nonpoor units. Social Security represents 79 percent of total income for poor units and approximately 36 percent for nonpoor units. Interest and dividend incomes together represent 3.7 percent of total income for poor units and 23.1 percent for nonpoor units.

NONCASH ECONOMIC RESOURCES

Although the elderly have substantially lower average cash incomes than the nonelderly, they derive greater economic advantage from the tax treatment of income, government in-kind transfers, lifetime accumulations of wealth, and family size. Some analysts contend that when these factors are taken into account, the average older person has economic resources roughly equivalent to those of younger people.

Recent analyses of the distribution of resources suggests that while the consideration of noncash resources reduces some of the economic difference among the elderly and between the elderly and the nonelderly, many of the elderly still have limited economic resources.

IN-KIND BENEFITS

WHILE ALMOST ALL ELDERLY BENEFIT FROM IN-KIND HEALTH CARE BENEFITS, FEWER THAN ONE IN SIX BENEFITS FROM NONHEALTH IN-KIND BENEFITS

In-kind health benefits are of particular significance to the elderly since 95 percent of the noninstitutionalized elderly in 1989 were covered by Medicare hospital and physician insurance, and 6 percent were covered by Medicaid (table 4-11). By contrast, only 15 percent of the elderly in 1984 benefited from nonhealth in-kind benefits, and only 4 percent benefited from more than one of these benefits. Energy assistance and food stamps were the most prominent benefits, going to 7 percent and 6 percent of the elderly, respectively. Even smaller percentages of the elderly benefited from public housing and rental assistance (table 2-11). Nonelderly workers and their families benefit primarily from employee benefits, such as group health insurance, provided by employers but not counted as income by employees.

The inclusion of the premium value of Medicare and other in-kind benefits in the incomes of the elderly causes an upward shift in their income distribution, with the largest proportionate increases occurring at low income levels. A similar, but less pronounced upward shift occurs for the nonelderly. The net effect of the inclusion of

both taxes and in-kind benefits is to reduce the percentage of older people at the highest and lowest income levels and increase the percentage in the middle of the income distribution.

Table 2-11
PERCENT DISTRIBUTION OF UNITS 65+, BY NUMBER AND SOURCES
OF IN-KIND BENEFITS, MARITAL STATUS, AND SEX: 1984

Number and source of in-kind benefits	Total	Married couples	Unmarried people	
			Men	Women
All units.....	100	100	100	100
Number of in-kind benefits ¹ :				
0	85	94	84	78
1	11	5	13	16
2 or more	4	1	3	6
Source of in-kind benefits?				
Energy assistance	7	3	7	10
Food stamps	6	3	7	8
Public housing	4	1	4	6
Rental assistance	2	1	2	3

SOURCE: Social Security Administration. *Income and Resources of the Population 65 and Over*. SSA Pub. No. 13-1 1727, Washington: U.S. DHHS, September 1986.

¹Data on number of in-kind benefits refer only to the four sources specified in table.

²Percentages not additive.

ASSETS

Elderly households, as a group, hold substantially more in assets than nonelderly households. Because of this difference, some analysts have suggested that a comparison of the economic well-being of the elderly and nonelderly should include a measurement of the income potential of accumulated wealth.

ELDERLY HOUSEHOLDS HAVE GREATER ASSETS THAN NONELDERLY HOUSEHOLDS

The fact that the elderly hold more assets than the nonelderly is a result of normal, life-cycle processes. People naturally tend to accumulate savings, home equity, and personal property over a lifetime. The median net worth of households with a head age 65+ was **\$73,471** in 1988, compared with a median net worth for all households (including elderly households) of \$35,752 (table 2-12 and chart 2-17). The group with the largest median net worth was age 65 to 69 (\$83,478).⁷

Table 2-12
MEDIAN NET WORTH AND MONTHLY HOUSEHOLD INCOME, BY AGE OF HOUSEHOLDER: 1988
(excludes group quarters)

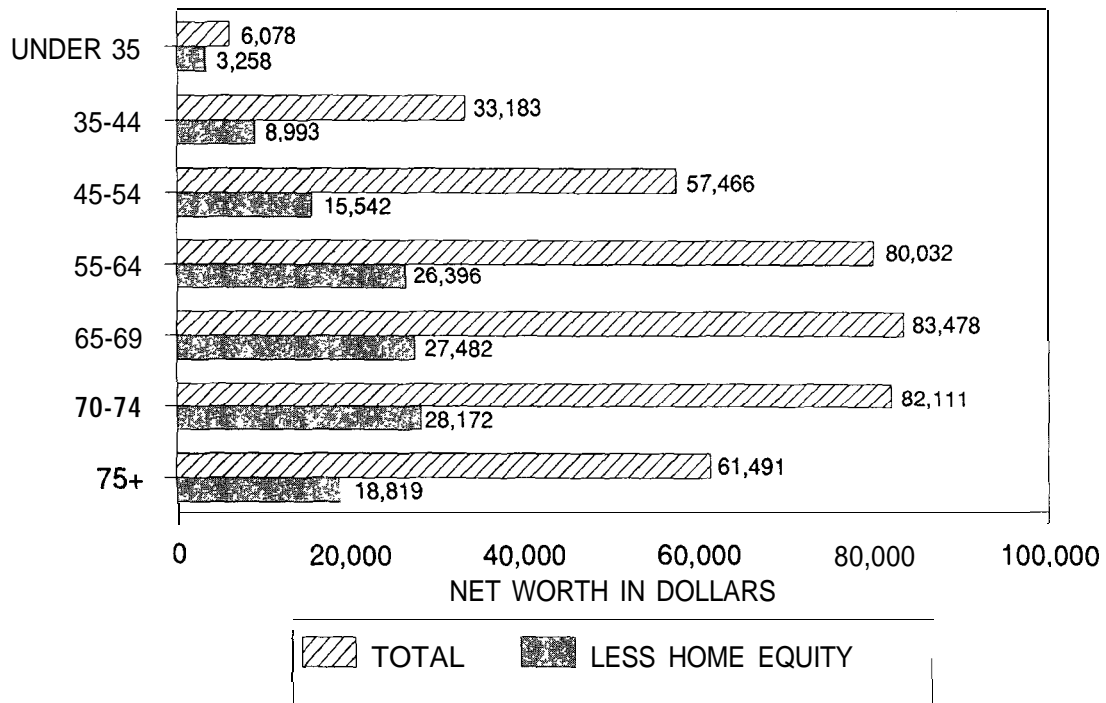
Age of householder	Number of households (thousands)	Median monthly household income	Median net worth	
			Total	Excluding home equity
Total	91,554	\$1,983	\$35,752	\$9,840
Less than 35 years	25,379	2,000	6,078	3,258
35 to 44 years	19,916	2,500	33,183	8,993
45 to 54 years	13,613	2,604	57,466	15,542
55 to 64 years	13,090	2,071	80,032	26,396
65+	19,556	1,211	73,471	23,856
65 to 69 years	6,331	1,497	83,478	27,482
70 to 74 years	5,184	1,330	82,111	28,172
75+	8,041	977	61,491	18,819

SOURCE: U.S. Bureau of the Census. "Household Wealth and Asset Ownership: 1988." *Current Population Reports* Series P-70, No. 22 (December 1990).

⁷Data on assets, unless otherwise noted, are taken from U.S. Bureau of the Census. "Household Wealth and Asset Ownership: 1988." *Current Population Reports* Series P-70, No. 22 (December 1990).

Chart 2-17
MEDIAN NET WORTH, BY AGE GROUP: 1988

AGE OF HOUSEHOLDER



SOURCE: U.S. Bureau of the Census. "Household Wealth and Asset Ownership, 1988." Current *Population Reports* Series P-70, No. 22 (December 1990).

Table 2-13
DISTRIBUTION OF HOUSEHOLDS, BY AGE AND NET WORTH: 1988
(excludes group quarters)

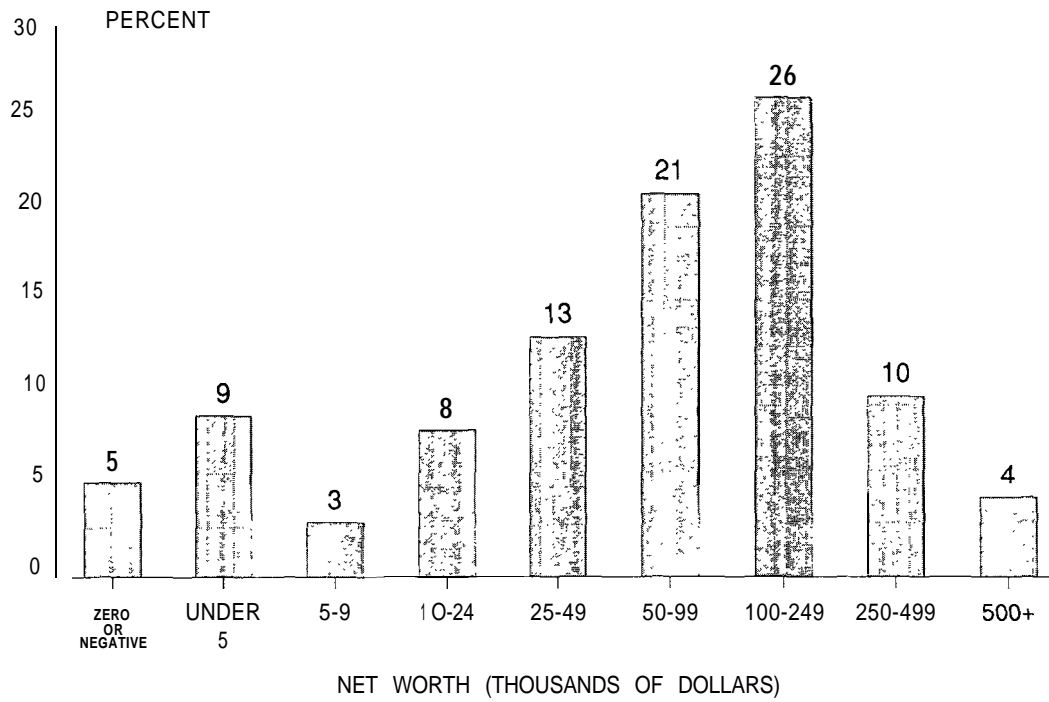
Age of householder	Percent distribution by net worth									
	All households	Zero or negative	\$1 to \$4, 999	\$5, 000 to \$9, 999	\$10, 000 to \$24, 999	\$25, 000 to \$49, 999	\$50, 000 to \$99, 999	\$100, 000 to \$249, 999	\$250, 000 to \$499, 999	\$500, 000 or over
Total	100. 0	11. 1	15. 1	6. 2	11. 5	13. 0	16. 7	17. 5	6. 0	2. 8
Less than 35	100. 0	19. 4	27. 6	11. 4	16. 2	11. 1	8. 0	4. 8	1. 2	0. 3
35 to 44	100. 0	11. 3	13. 3	6. 4	13. 4	15. 3	18. 2	15. 8	4. 5	2. 0
45 to 54	100. 0	8. 2	10. 5	4. 5	9. 0	13. 7	21. 1	21. 9	7. 5	3. 6
55 to 64	100. 0	6. 4	7. 5	2. 5	7. 4	12. 6	20. 5	27. 5	10. 0	5. 6
65+	100. 0	5. 2	8. 9	3. 1	8. 1	13. 2	20. 9	26. 1	10. 0	4. 4
65 to 69	100. 0	5. 1	7. 6	2. 8	7. 5	12. 3	19. 9	27. 6	12. 2	5. 0
70 to 74	100. 0	4. 2	8. 0	2. 5	7. 3	12. 1	22. 4	27. 3	10. 6	5. 6
75+	100. 0	6. 0	10. 6	3. 6	9. 0	14. 6	20. 8	24. 2	8. 0	3. 1

SOURCE: U. S. Bureau of the Census. "Household Wealth and Asset Ownership: 1988." Current Population Reports Series P-70, No. 22 (December 1990).

Although the elderly have more assets than the nonelderly, many elderly households have few or no assets. One-fourth (25 percent) of elderly households had a net worth of less than \$25,000, and one-seventh (14 percent) had a net worth below \$5,000 in 1988 (table 2-13 and chart 2-18). The largest portion of the net worth of the elderly is in the form of home equity. Three-fourths (75 percent) of older households own their homes. About two-thirds (68 percent) of the total net worth of households of the elderly comes from the home. Many of the "house rich" elderly, however, are "cash poor." American Housing Survey data for 1987 show that one-fifth (19 percent) of poor elderly homeowners had homes valued at \$70,000 or more.⁸ This disparity between income and equity may be due to recent rapid appreciation in housing values or losses in income due to retirement, divorce, or widowhood.

⁸U.S. Bureau of the Census and U.S. Department of Housing and Urban Development. "American Housing Survey for the United States in 1987." Current Housing Reports H-150-87 (December 1989).

Chart 2-18
DISTRIBUTION OF ELDERLY (65+) HOUSEHOLDS, BY NET WORTH: 1988



SOURCE: U.S. Bureau of the Census. "Household Wealth and Asset Ownership: 1988." *Current Population Reports* Series P-70, No. 22 (December 1990).

HOME EQUITY COMPRISES TWO-FIFTHS OF THE ASSETS OF ELDERLY HOUSEHOLDS

The median net worth of all elderly households excluding the value of home equity was only \$23,856 in 1988 (table 2-12). After home equity, the assets of elderly households are held largely in the form of savings, checking, money market accounts, certificates of deposit, and municipal or corporate bonds (table 2-14 and chart 2-19).

Table 2-14
DISTRIBUTION OF NET WORTH, BY AGE OF HOUSEHOLDER AND TYPE OF ASSET: 1988
(excludes group quarters)

Type of asset	All house- holds	Less than 35 years	35 to 44 years	45 to 54 years	55 to 64 years	65+ years
Total net worth	100.0	100.0	100.0	100.0	100.0	100.0
Own home.....	43.1	45.1	49.2	43.2	41.0	40.4
Savings and checking accounts	18.9	14.8	12.1	12.6	16.2	29.7
Interest-earning assets						
at financial institutions ¹	14.1	10.8	9.0	9.4	12.0	22.4
Other interest-earning assets ²	4.2	2.8	2.5	2.7	3.7	6.8
Checking accounts.....	0.6	1.2	0.6	0.5	0.5	0.5
Financial investments	11.3	8.2	9.9	9.8	14.2	11.6
Stocks and mutual fund shares	6.5	4.3	5.3	5.2	7.0	8.2
U.S. savings bonds	0.6	0.5	0.4	0.4	0.8	0.6
IRA and KEOGH accounts.....	4.2	3.4	4.2	4.2	6.4	2.8
Real estate (except own home)	12.2	12.0	11.9	16.2	13.0	9.3
Rental property	7.9	6.8	6.7	11.3	8.0	6.7
Other real estate	4.3	5.2	5.2	4.9	5.0	2.6
Business or profession.....	8.8	14.6	12.0	11.9	9.4	3.0
Other.....	5.9	5.3	5.0	6.4	6.1	6.1
Motor vehicles.....	5.8	15.6	7.6	5.7	4.7	3.1
Other investments ³	3.0	1.5	1.7	3.9	3.1	3.5
Unsecured liabilities	-2.9	-11.8	-4.3	-3.2	-1.7	-0.5

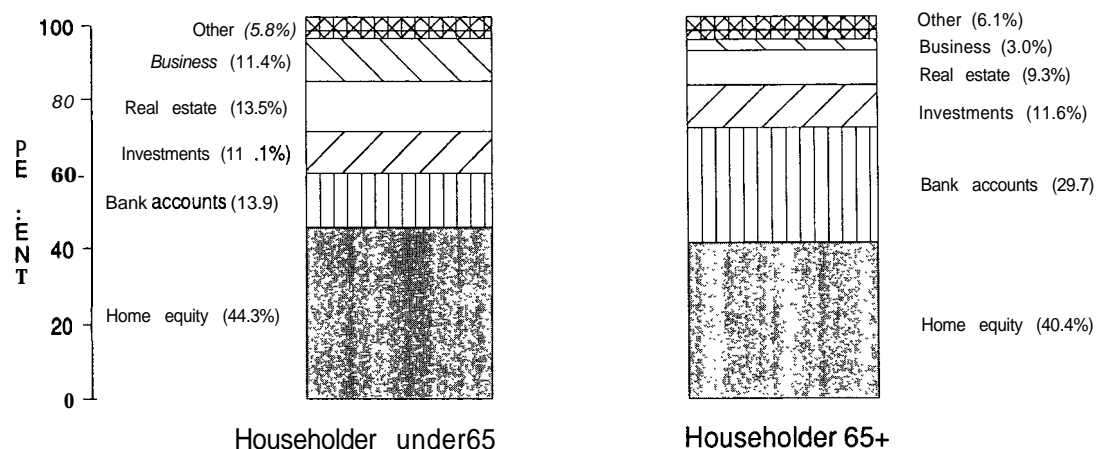
SOURCE: U.S. Bureau of the Census. "Household Wealth and Asset Ownership: 1988." *Current Population Reports* Series P-70, No. 22 (December 1990).

¹Passbook savings accounts, money market deposit accounts, certificates of deposit, and interest-earning checking accounts

²Money market funds, U.S. Government securities, municipal and corporate bonds, and other assets.

³Mortgages held from sale of real estate, amount due from sale of business, unit trusts, and other financial investments,

Chart 2-19
DISTRIBUTION OF TOTAL NETWORTH, BY ASSET TYPE FOR OLDER HOUSEHOLDS: 1988



SOURCE: U.S. Bureau of the Census, "Household Wealth and Asset Ownership: 1988." *Current Population Reports* Series P-70, No. 22 (December 1990).

The holdings of the elderly differ from those of the nonelderly. For example, the elderly have a smaller share of their equity in a business or profession and a larger share in savings, checking, or money market accounts than the nonelderly. In 1988, 3 percent of the net worth of elderly households was in a business or profession, compared with 11 percent of the net worth of younger households. At the same time, 30 percent of the net worth of the elderly was in savings and checking accounts, compared with only 14 percent of the net worth of younger households. Additionally, the elderly have a smaller share of their equity tied up in their homes than the nonelderly. In 1988, 40 percent of the net worth of elderly households was equity in their home, compared with 44 percent of the net worth of younger households. About \$1.1 trillion, or 30 percent of the nation's \$3.6 trillion in home equity, is owned by elderly households.

NET WORTH IS LOW FOR UNMARRIED INDIVIDUALS AND MINORITIES

Older people who do not live with a spouse have a significantly lower net worth than do older married couples. For example, older unmarried women who headed a household had a net worth in 1988 of \$47,233, only 38 percent of the median net worth of older married couples (\$124,419—see table 2-15 and chart 2-20). A major factor in this difference is the lower home ownership rate among the unmarried elderly. Only 64 percent of unmarried elderly women heading households in 1988 were home owners and the median equity of their homes was \$47,800, compared with an 88 percent home ownership rate and a median home equity of \$62,200 for older married couples. However, unmarried elderly households—both men and women—generally had fewer assets of all kinds than older married couples.

Table 2-15
MEDIAN NET WORTH FOR ELDERLY (65+) HOUSEHOLDS, BY TYPE OF HOUSEHOLD
AND RACE AND HISPANIC ORIGIN OF HOUSEHOLDER: 1988 AND 1984
(1984 median net worth is expressed in 1988 dollars)

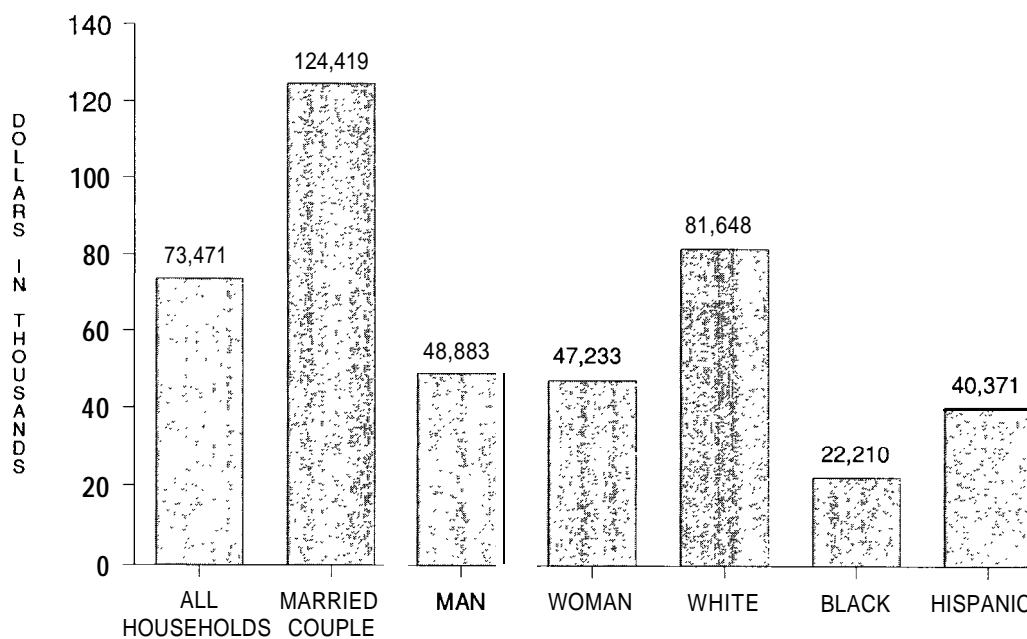
Characteristic	Median net worth	
	1988	1984
All households	\$73,471	\$68,600
Type of household:		
Married couple	\$124,419	\$102,830
Male householder	\$48,883	\$46,919
Female householder	\$47,233	\$48,829
Race and Hispanic origin of householder:		
White	\$81,648	\$74,773
Black	\$22,210	\$15,972
Hispanic origin*	\$40,371	\$21,837

SOURCE: U.S. Bureau of the Census. "Household Wealth and Asset Ownership: 1988." *Current Population Reports Series P-70*, No. 22 (December 1990). Also "Household Wealth and Asset Ownership: 1984." *Current Population Reports Series P-70*, No. 7 (July 1986).

*Hispanic people may be of any race

Similarly, black and Hispanic older householders had much lower net worth than their white counterparts. The median net worth of older Hispanic households (\$40,371) was only half the net worth of older white households (\$81,648) and the median net worth of older black households (\$22,210) was only one-quarter that amount.

Chart 2-20
MEDIAN NET WORTH FOR ELDERLY (65+) HOUSEHOLDS, BY TYPE OF HOUSEHOLD
AND RACE AND HISPANIC ORIGIN OF HOUSEHOLDER: 1968



SOURCE: U.S. Bureau of the Census. "Household Wealth and Asset Ownership: 1988." *Current Population Reports* Series P-70, No. 22 (December 1990).

CONSUMPTION PATTERNS

The economic well-being of the elderly is ultimately reflected in the relative standard of living they can sustain. The elderly generally consume fewer goods and services than the nonelderly and spend slightly higher proportions of their total budgets on essentials. People age 65+ spent 59 percent of their 1989 consumption dollars on housing (including utilities), food, and medical care, compared with only 50 percent spent by younger households on these items (table 2-16 and chart 2-21). The one service or commodity that the elderly spend more on in actual dollars than the nonelderly is health care.⁹

Table 2-16

AVERAGE ANNUAL EXPENDITURES OF CONSUMER UNITS BY TYPE OF EXPENDITURE AND AGE OF REFERENCE PERSON: 1989

Type of expenditure	Amount expended				Percent distribution			
	65+				65+			
	Under 65	Total	65 to 74	75+	Under 65	Total	65 to 74	75+
Total.....	\$30,191	\$18,967	\$21,152	\$15,919	100.0	100.0	100.0	100.0
Housing, exc. utilities.....	7,394	4,475	4,960	3,795	24.5	23.6	23.4	23.8
Shelter	5,332	2,988	3,283	2,574	17.7	15.8	15.5	16.2
Operations, supplies, and furnishings	2,062	1,487	1,677	1,221	6.8	7.8	7.9	7.7
Transportation.....	5,751	3,092	3,695	2,248	19.0	16.3	17.5	14.1
Food.....	4,486	2,912	3,205	2,505	14.9	15.4	15.2	15.7
At home	2,520	1,907	2,048	1,713	8.3	10.1	9.7	10.8
Away from home.....	1,966	1,004	1,157	792	6.5	5.3	5.5	5.0
Health care	1,211	2,135	1,981	2,351	4.0	11.3	9.4	14.8
Utilities, fuels, public services	1,873	1,694	1,813	1,528	6.2	8.9	8.6	9.6
Cash contributions.....	849	1,091	1,022	1,187	2.8	5.8	4.8	7.5
Clothing.....	1,765	902	1,138	576	5.8	4.8	5.4	3.6
Personal insurance and pensions	2,938	740	1,059	295	9.7	3.9	5.0	1.9
Entertainment	1,614	719	843	546	5.3	3.8	4.0	3.4
Other*	2,312	1,207	1,436	888	7.7	6.4	6.8	5.6

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics. "Consumer Expenditures in 1989." Press Release USDL: 90-616 (November 30, 1990).

*Includes tobacco products, alcoholic beverages, personal care products and services, reading, education, and miscellaneous expenditures.

⁹Data on consumption patterns are from the Bureau of Labor Statistics. "Consumer Expenditures in 1989." Press Release USDL:90-616 U.S. Department of Labor (November 30, 1990).

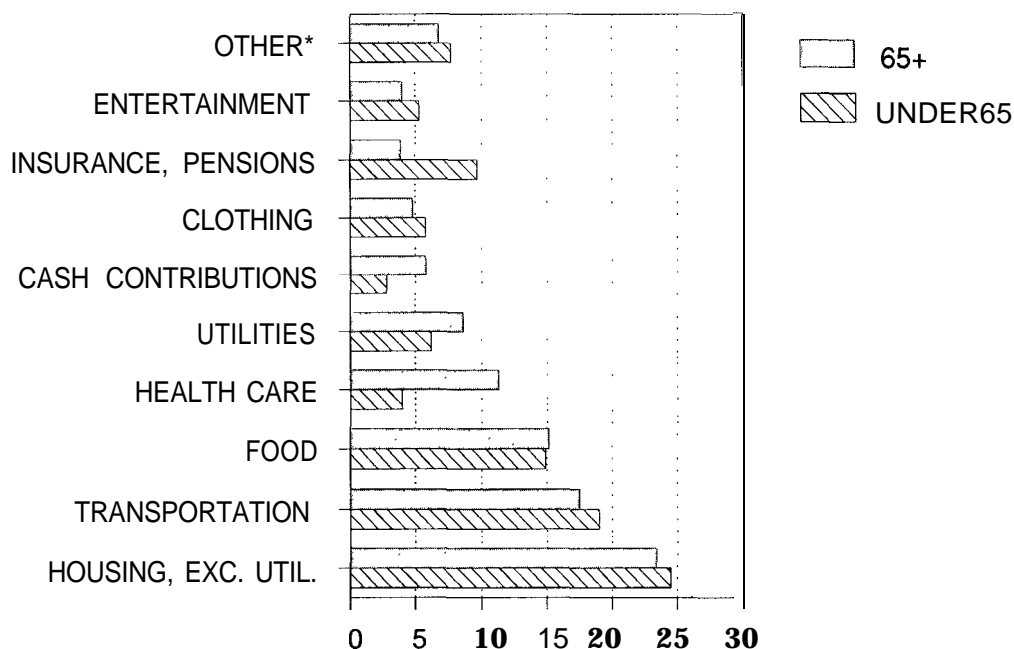
THE ELDERLY SPEND LESS THAN THE NONELDERLY, EVEN WHEN SPENDING IS ADJUSTED FOR HOUSEHOLD SIZE

Consumer units headed by people age 65+ reported lower per-person consumer expenditures than units headed by people 35 to 64 years old in 1989. Older households consume less than younger households because they have less income to spend, fewer people in the household to support, and different needs from younger households. Data from the 1989 Consumer Expenditure Survey show that consumer units with a reference person age 65+ had average incomes before taxes (\$19,690) that were 50 percent of the average income of all consumer units under age 65 (\$39,736).¹⁰ The average elderly household had **1.8** members in 1989, compared with 2.8 people in younger households. Spending by older consumer units is substantially lower than the average spending by younger ones. In 1989, units with a reference person age 65+ spent \$18,967, and those with a reference person age 75+ spent \$15,919, compared with average spending of \$30,191 by younger consumer units.

Utilities, food, health care, and cash contributions were proportionately more significant expenses for the elderly than the nonelderly. These four categories represented **41** percent of expenditures by elderly households and only 28 percent by younger households (chart 2-2 1).

¹⁰A "consumer unit" is a term used to denote: one or more unrelated persons living together who pool their incomes to make joint expenditure decisions; all members of a household who are related; or a person living alone or who lives with others but is financially independent. For readability, the term "household" is used interchangeably with "consumer unit" in this section. However, the reader should note that a household-generally defined as all people sharing a housing unit-can include more than one consumer unit. A reference person is the member of the household that is first mentioned as the owner or renter of the home.

CHART 2-21
DISTRIBUTION OF EXPENDITURES, BY TYPE OF EXPENDITURE AND AGE OF REFERENCE PERSON: 1989



SOURCE: U.S. Department of Labor, Bureau of Labor Statistics. "Consumer Expenditures in 1989." Press Release USDL: 90-616 (November 30, 1990).

*Includes tobacco products, alcoholic beverages, personal care products and services, reading, education, and miscellaneous expenditures.

Older households spent proportionately less on clothing, transportation, pensions, life insurance, and entertainment than did their younger counterparts. Older and younger units spent about the same proportion on food and housing.

HEALTH CARE IS THE ONLY BUDGET CATEGORY ON WHICH THE ELDERLY SPEND MORE MONEY THAN THE NONELDERLY

One of the greatest threats to the economic security of the elderly is the high out-of-pocket cost of health care, which consumes a large share of the reduced budgets of the average elderly household. The elderly spend more on health care-both in actual dollars and as a percentage of total expenditures-than the nonelderly. Consumer units with a reference person age 65 to 74 paid an average of \$1,981, and those with a reference person age 75+ paid \$2,351 in out-of-pocket health costs in 1989, compared with an average of \$1,211 paid by younger units. Because the total budget of the elderly is smaller, the share they spent on health care is substantially higher than the share spent by the nonelderly. Consumer units age 65 to 74 and 75+ spent 9 percent and 15 percent, respectively, of their budgets on health care, compared with 4 percent by younger units.

The major health expense for elderly households in 1989 was health insurance, including Medicare (table 2-17 and chart 2-22). Despite the fact that older households had lower incomes and fewer household members, elderly units spent over twice as much as their younger counterparts on health insurance (\$943 vs. \$428) and over twice as much on prescription drugs and medical supplies (\$560 vs. \$264). Expenditures for medical services by older and younger households were relatively equal in dollar terms (\$632 vs. \$518), but such expenditures represented 43 percent of all health costs for younger households, compared with only 30 percent for older units.

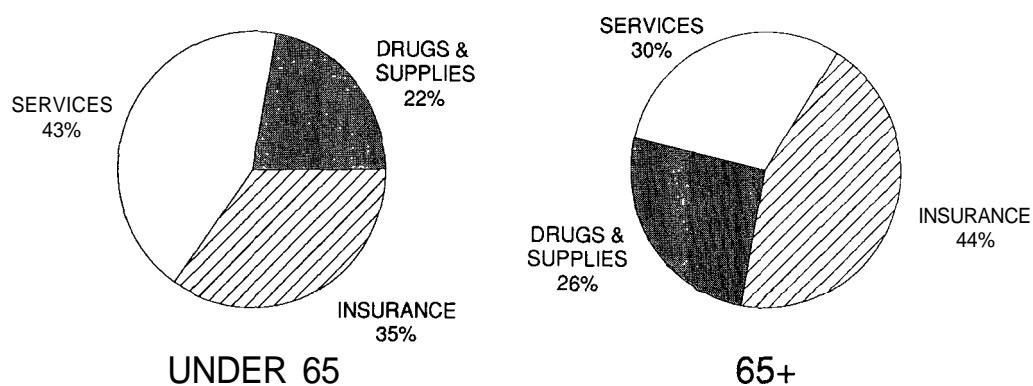
There was little difference in the patterns of health care expenditures for households headed by people age 65 to 74 and people 75+ from the pattern for older households as a group.

Table 2-17
HEALTH CARE EXPENDITURES OF CONSUMER UNITS,
BY TYPE OF EXPENDITURE AND AGE OF REFERENCE PERSON: 1989

Type of expenditure	Age of reference person			
	Under 65	65+	65-74	75+
Number of units (thousands)	75,496	20,322	11,848	8,474
	Amount of expenditures			
Health care, total..	\$1,211	\$2,135	\$1,981	\$2,351
Health insurance..	428	943	939	950
Medical services	518	632	555	738
Drugs and supplies	264	560	487	662
Drugs	189	428	402	465
Medical supplies	75	132	85	197
	Percent distribution			
Health care, total	100.0	100.0	100.0	100.0
Health insurance	35.3	44.2	47.4	40.4
Medical services	42.8	29.6	28.0	31.4
Drugs and supplies	21.8	26.2	24.6	28.2
Drugs	15.6	20.1	20.3	19.8
Medical supplies	6.2	6.2	4.3	8.4

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics. "Consumer Expenditures in 1989." Press Release USDL: 90-616 (November 20, 1990). Also, unpublished data from the 1989 Consumer Expenditure Survey.

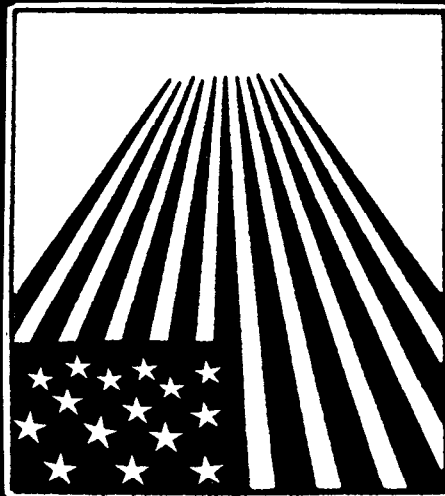
Chart 2-22
TYPE OF HEALTH CARE EXPENDITURES FOR CONSUMER UNITS,
BY AGE OF REFERENCE PERSON: 1989



SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, unpublished data from 1989 Consumer Expenditure Survey.

Chapter 3

Retirement Trends and Labor Force Participation



Retirement Trends and Labor Force Participation

With the dramatic increase in longevity in this century, people are spending more time in all of life's major activities—in education, in work, and in retirement. Retirement is now an established institution and more and more older people are retiring well before age 65. For those older people who need or want to continue to work, however, unemployment and age discrimination can be serious problems. Older workers who are unemployed stay out of work longer than younger workers, suffer greater earnings losses in subsequent jobs than younger workers, and are more likely to become discouraged, giving up the job search altogether.

The following section describes the current labor force and retirement behavior of older workers.

LIFETIME DISTRIBUTION OF EDUCATION, WORK, AND RETIREMENT

RETIREMENT IS NO LONGER A LUXURY, IT IS NOW AN INSTITUTION

Increasing longevity and changing social and work patterns have contributed to dramatic changes during this century in the distribution of time devoted to such major life activities as education, work, retirement, and leisure. Compared with a century ago, children are spending more time in school, both men and women in their middle years are spending more time at work, and older people are spending more time in retirement.

Retirement is now as much an expected stage of life as schooling, work, and family formation. The portion of life spent in retirement has increased substantially since the beginning of this century (table 3-1, chart 3-1). In 1900, the average man lived 46.3 years and only 1.2 years (or 3 percent) was spent in retirement or other activities outside the labor force. By 1980, the average man was spending 13.6 years (19 percent) of his 70 years in retirement. Thus, while life expectancy increased by 51 percent, average years in retirement increased elevenfold. Although men spent on average seven more years in the labor force in 1980 than in 1900, their working lives accounted for a smaller proportion of their lifespan in 1980 (55 percent) than in 1900 (69 percent).

The number of years men spent in school also increased between 1900 and 1980, from an average of 8 to 12.6 years. The proportion of time devoted to education, however, increased only slightly, from 17 to 18 percent.

Changes in distribution patterns of major life activities have been very different for women. As more women have entered the labor force, an historic increase has taken place in the proportion of time spent in work outside the home. Since 1900, the average number of years spent by women in the labor force has increased from 6.3 to 29.4 years and from 13 percent of the lifespan to 38 percent (chart 3-2).

Table 3-1
LIFECYCLE DISTRIBUTION OF EDUCATION, LABOR FORCE PARTICIPATION,
RETIREMENT, AND WORK IN THE HOME:
1900-1980

Subject	Year					
	1900	1940	1950	1960	1970	1980
Number of years spent in activity						
MEN						
Average life expectancy.....	46.3	60.8	65.6	66.6	67.1	70.0
Retirement/work at home.....	1.2	9.1	10.1	10.2	12.1	13.6
Labor force participation.....	32.1	38.1	41.5	41.1	37.8	38.8
Education	8.0	8.6	9.0	10.3	12.2	12.6
Pre-school	5.0	5.0	5.0	5.0	5.0	5.0
WOMEN						
Average life expectancy.....	48.3	65.2	71.1	73.1	74.7	77.4
Retirement/work at home	29	39.4	41.4	37.1	35.3	30.6
Labor force participation.....	6.3	12.1	15.1	20.1	22.3	29.4
Education	8.0	8.7	9.6	10.9	12.1	12.4
Pre-school	5.0	5.0	5.0	5.0	5.0	5.0
Percent distribution by activity type						
MEN						
Average life expectancy.....	100	100	100	100	100	100
Retirement/work at home	3	15	15	15	18	19
Labor force participation.....	69	63	63	62	56	55
Education	17	14	14	15	18	18
Pre-school	11	8	8	a	7	8
WOMEN						
Average life expectancy.....	100	100	100	100	100	100
Retirement/work at home.....	60	60	58	51	47	40
Labor force participation.....	13	19	21	27	30	38
Education	17	13	14	15	16	16
Pre-school	10	8	7	7	7	6

SOURCES: U.S. Bureau of the Census. "Educational Attainment in the United States: March 1981 and 1980." Current *Population Reports* Series P-20, No. 390 (August 1984) (median years of school for persons 25 years or older, 1940-1980).

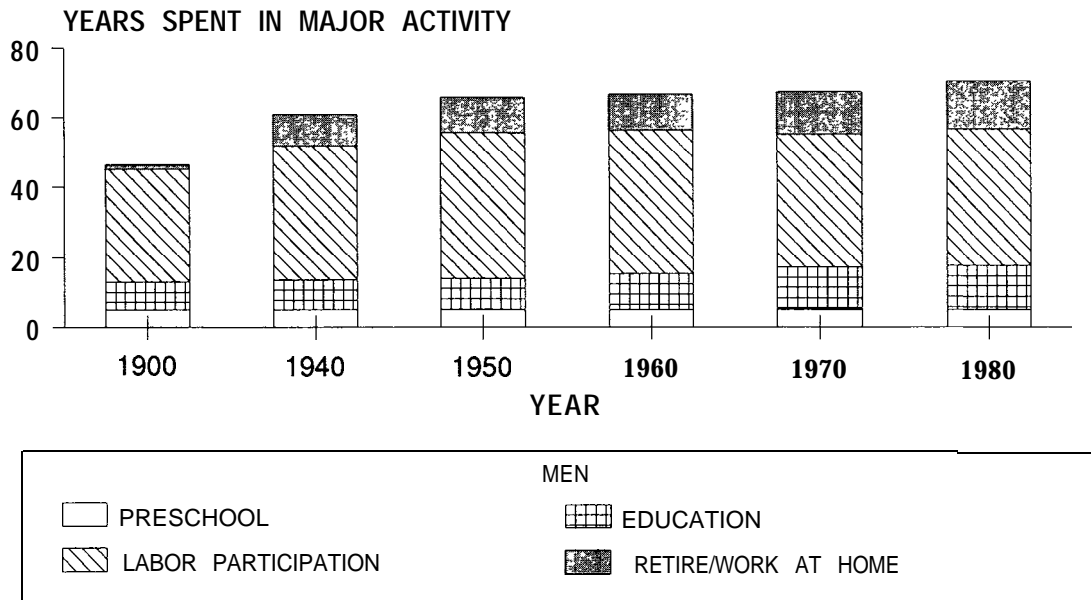
Fred Best, "Work Sharing: Issues, Policy Options, and Prospects." Upjohn Institute for Employment Research (1981), page 8 (1900 estimates of median years of school for persons 25 years or older).

National Center for Health Statistics. "Life Tables." *Vital Statistics of the United States, 1987*. Vol. 2, Section 6 (February 1990) (life expectancy data).

U.S. Department of Labor, Bureau of Labor Statistics. "Worklife Estimates: Effects of Race and Education." Bulletin 2254 (February 1986).

NOTE: See explanatory material in text following chart 3-2. Data may not add to 100 percent due to rounding.

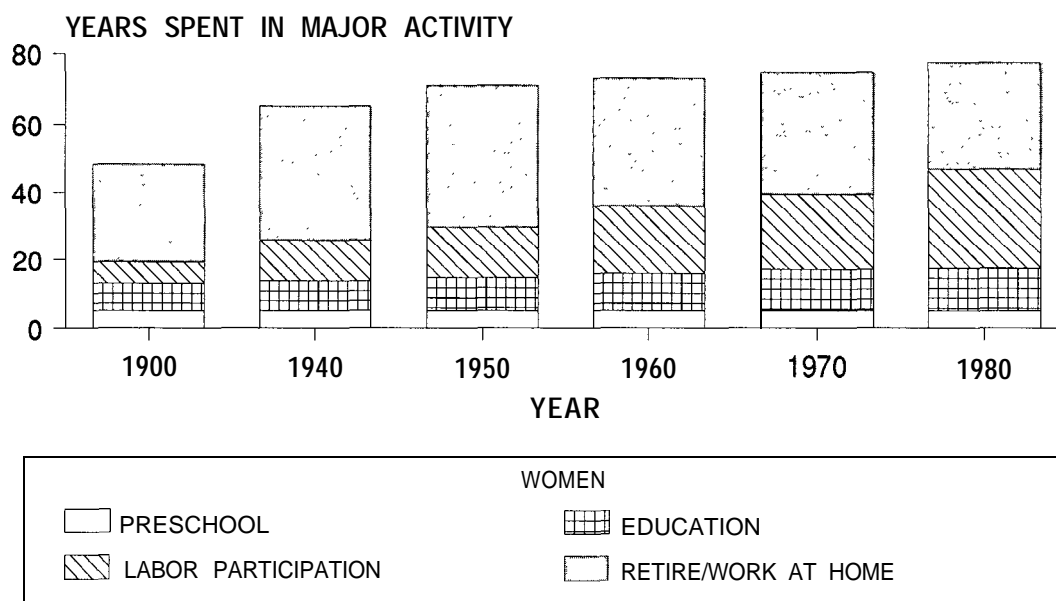
Chart 3-1
LIFECYCLE DISTRIBUTION OF MAJOR
ACTIVITIES (MEN): 1900-1980



SOURCE: See table 3-1.

NOTE: See explanatory material in text following this chart.

Chart 3-2
LIFECYCLE DISTRIBUTION OF MAJOR
ACTIVITIES (WOMEN): 1900-1980



SOURCE: See table 3-1.

NOTE: See explanatory material in text following this chart.

NOTE: The data on average worklife and retirement presented above and in chart 3-1 and table 3-1 illustrate the projected experience of a hypothetical cohort born in a given year if the rates of mortality, labor force participation, and educational attainment that prevailed at that time were held constant into the future. Worklife estimates are also prepared for people at various ages, according to whether they are in the labor force at those ages.

The estimates of worklife shown in table 3-1 and charts 3-1 and 3-2 are averages which include people who die at relatively young ages, people who never enter the labor force, and people who work only sporadically or for short periods of their lives, as well as people who are in the labor force continuously for several decades. In addition, the estimated worklife figures do not necessarily represent continuous employment, although they are portrayed as such in charts 3-1 and 3-2. These estimates do not represent solely the experience of career employees and should not be used to calculate the average age at retirement. For example, chart 3-1 and table 3-1 indicate that in 1980 men had a life expectancy at birth of 70 years and a worklife expectancy of 38.8 years. With 12.6 years of schooling beginning after age five, this implies retirement at age 56.4, whereas other data indicate the average age at retirement for people with significant amounts of labor force experience is between ages 60 and 65.

RETIREMENT

MOST WORKERS LEAVE THE LABOR FORCE BEFORE AGE 65

The age of 65 has been considered “normal retirement age” since the Social Security legislation of 1935 established that age for eligibility to receive full Social Security benefits. As early as 1950, however, fewer than half of men (45.8 percent) were still in the labor force beyond age 64.¹ However, “retirement” may not mean a cessation of paid work. A 1987 study found that 22 percent of older women and 24 percent of older men continued to “work in retirement,” in the sense that they were employed up to two years after first receiving Social Security retired-worker benefits.² Most private pensions provide benefits to eligible employees at ages below 65, a trend that accelerated in the 1960s and 1970s; many private plans incorporate strong incentives to exit the labor force at age 60 or even earlier.³ According to a 1986 General Accounting Office (GAO) study, the proportion of male pension recipients age 50 to 64 nearly doubled between 1973 and 1983.⁴

Early retirement appears to have become a permanent fixture of the United States’ economy. Therefore, significant policy changes, including raising the eligibility age for full Social Security benefits and eliminating mandatory retirement, will not have as much impact on the labor force participation rates of older workers as many would think. Although the eligibility age for receiving full Social Security retirement benefits is scheduled to increase from 65 to 67 by the year 2022, it is estimated that this change will have little effect on the average retirement age.⁵

Studies indicate that people retire for a variety of reasons, including health, the availability of Social Security or private pension benefits, the retirement of a spouse, and the opportunity to participate in leisure and volunteer pursuits. Downturns in the economy and corporate mergers and bankruptcies can also induce unanticipated early retirement. Above all, however, most workers retire when they feel they can afford to do so. Thus, people without pensions or sizable personal savings, including home ownership, are likely to remain in the labor force longer than people who have such resources.

¹U.S. Department of Labor, Bureau of Labor Statistics. *Handbook of Labor Statistics*. Bulletin 2217 (June 1985).

²Howard Iams. “Jobs of Persons Working After Receiving Retired-Worker Benefits.” *Social Security Bulletin* Vol. 50, No. 11 (November 1987).

³U.S. Department of Labor, Bureau of Labor Statistics. *Labor Market Problems of Older Workers* (January 1989).

⁴U.S. General Accounting Office. *Retirement Before Age 65: Trends, Costs and National Issues* GAO/HRD-85-81, (July 1986) p. 20.

⁵U.S. Department of Labor, Bureau of Labor Statistics. *Labor Market Problems of Older Workers* (January 1989) p. 46.

LABOR FORCE PARTICIPATION

RATES DECLINE WITH AGE

Cross-sectional data demonstrate that the labor force participation of men and women declines steadily with age (tables 3-2, 3-3, and chart 3-3).

Table 3-2
LABOR FORCE PARTICIPATION FOR OLDER PEOPLE, BY AGE AND SEX: 1989
(annual averages)

Labor force status	55 to 59			60 to 64			65+		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Civilian labor force (in thousands)	7,088	4,033	3,055	4,789	2,750	2,039	3,446	2,017	1,429
Labor force participation rate (percent)	66.6	79.5	54.8	44.5	54.8	35.5	11.8	16.6	8.4
Number employed (in thousands)	6,854	3,890	2,964	4,644	2,658	1,986	3,355	1,968	1,388

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics. *Employment and Earnings* Vol. 37, No. 1 (January 1990)

NOTE: The U.S. labor force includes workers who are employed or unemployed but actively seeking employment. The participation rate is the percentage of individuals in a given group (e.g., age group) who are in the labor force.

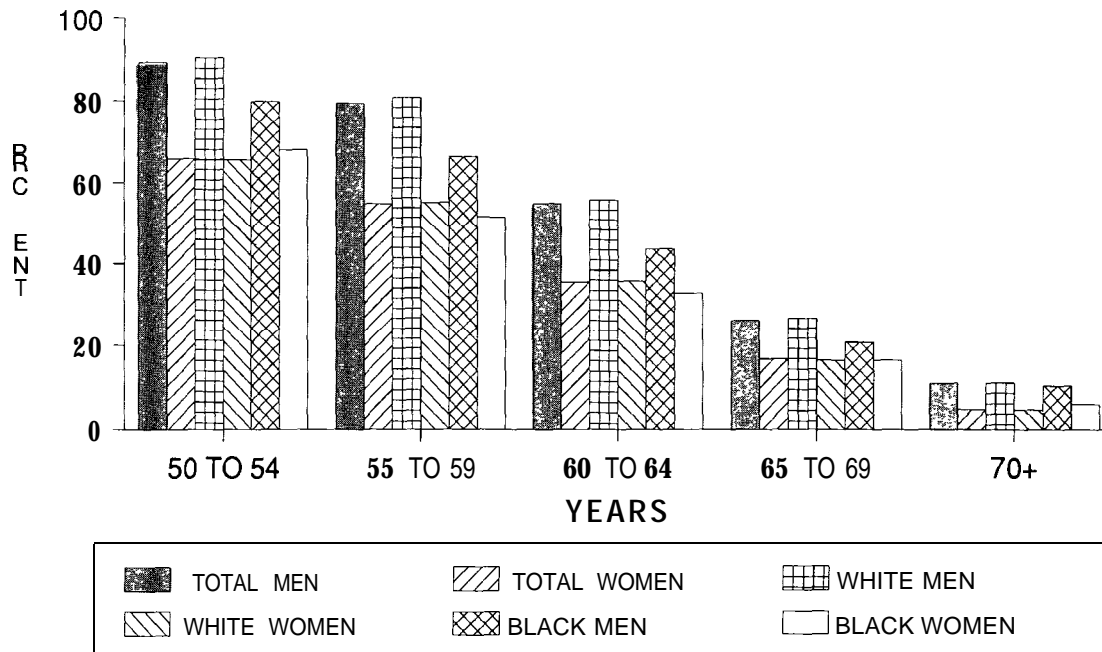
Table 3-3
LABOR FORCE PARTICIPATION RATES FOR OLDER PEOPLE, BY AGE, SEX, AND RACE:
1989
(annual averages in percent)

Sex & race	50 to 54 years	55 to 59 years	60 to 64 years	65 to 69 years	70+ years
Total men.....	89.3	79.5	54.8	26.1	10.9
Total women.....	65.9	54.8	35.5	16.4	4.6
White men	90.4	81.0	55.7	26.6	11.0
White women.....	65.6	55.1	35.7	16.4	4.5
Black men.....	79.9	66.4	43.6	20.7	10.3
Black women	68.2	51.5	32.7	16.4	5.9

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics. *Employment and Earnings* Vol. 37, No. 1 (January 1990).

(See note in table 3-2.)

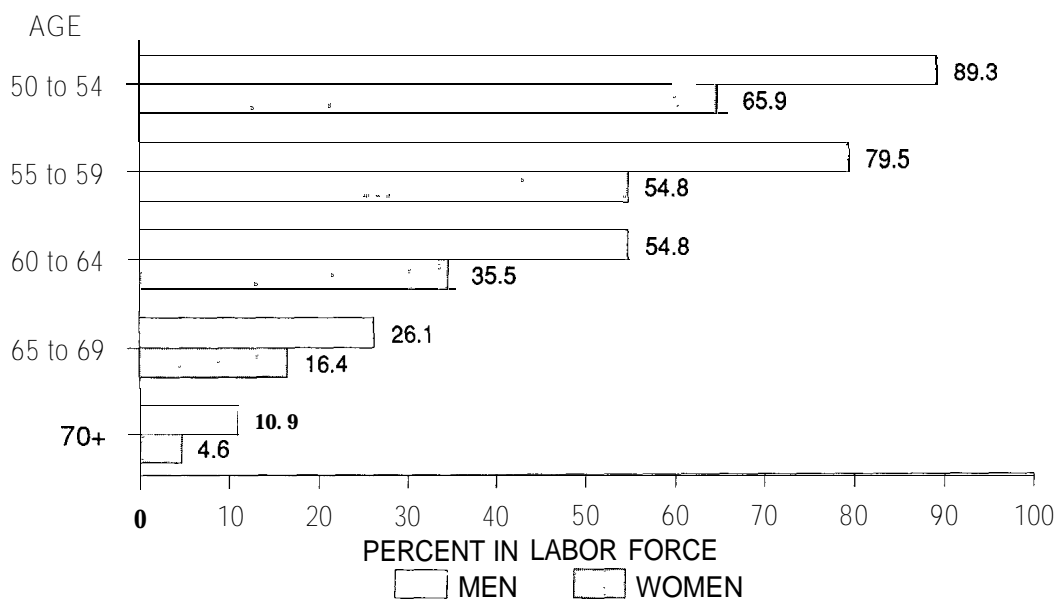
Chart 3-3
LABOR FORCE PARTICIPATION RATES FOR
OLDER PEOPLE, BY AGE, SEX, AND RACE: 1989
 (annual averages in percent)



SOURCE: U.S. Department of Labor, Bureau of Labor Statistics. *Employment and Earnings* Vol. 37, No. 1 (January 1990).

In 1989, 89.3 percent of men age 50 to 54 and 65.9 percent of women in this age group were in the labor force. By age 60 to 64, only about 54.8 percent of men and 35.5 percent of women were in the labor force. Among those 70+, only 10.9 percent of men and 4.6 percent of women were in the labor force (chart 3-4).

Chart 3-4
PERCENT OF OLDER MEN AND WOMEN IN THE
LABOR FORCE, BY AGE: 1989



SOURCE: U.S. Department of Labor, Bureau of Labor Statistics. **Employment** and *Earnings* Vol. 37, No. 1 (January 1990).

Workers who are age 55 to 64 make up 9.6 percent of the total U.S. labor force, while 65+ workers make up 2.8 percent. In 1989, about 11.9 million workers were age 55 to 64 (6.8 million men and 5.1 million women) and 3.4 million workers were 65+ (2.0 million men and 1.4 million women).

TRENDS IN LABOR FORCE PARTICIPATION OF OLDER WORKERS

The labor force participation of older men has dropped rapidly over the last **40** years. In 1950, almost half (46 percent) of all men age 65+ were in the labor force (chart 3-5). This figure had dropped to 33 percent by 1960 and to 27 percent by 1970. By 1989, only 17 percent of older men were in the labor force (table 3-4). The drop is due in part to the growth in early retirement and a drop in self-employment. The decrease in male labor force participation extends even to men in their 50s. By 1989, the labor force participation rate among men age 55 to 59 had dropped to 79.5 percent from almost 92 percent in 1960.

Labor force participation of older women, however, has varied only slightly (chart 3-5 and table 3-4). In 1950, 9.7 percent of women age 65+ were in the labor force, but in 1989, their participation fell to 8.4 percent. Over the same period, women in the 55 to 64 age group joined the work force in growing numbers. In 1950, only 27 percent of women in this age category were in the labor force, but by 1970, their participation had risen to 43 percent. The labor force participation rate for these women has been relatively constant since then, and by 1989, it was 45 percent. This is in marked contrast to the steep decline in labor force participation by men in the same age group since the early 1960s, which has resulted primarily from the early retirement provisions of Social Security.

Historically, labor force participation for black women age 65+ has been somewhat higher than for white women. In recent years, however, the rates have converged and less than two percentage points separated the two groups in 1989 (8.2 percent for elderly white women and 9.8 percent for elderly black women). The labor force participation rate for older black men (14.3 percent) was lower in 1989 than the rate for older white men (16.8 percent). The rates for older white and older black men were essentially equal during the 1970s, but the rate for black men has fallen more rapidly since 1979.

Table 3-4
CIVILIAN LABOR FORCE PARTICIPATION RATES FOR OLDER PEOPLE,
BY AGE AND SEX: 1950-1989
(annual averages)

Year	Men		Women		Total	
	55 to 64	65+	55 to 64	65+	55 to 64	65+
1950.....	86.9	45.8	27.0	9.7	56.7	26.7
1955.....	87.9	39.6	32.5	10.6	59.5	24.1
1960.....	86.8	33.1	37.2	10.8	60.9	20.8
1965.....	84.6	27.9	41.1	10.0	61.9	17.8
1970.....	83.0	26.8	43.0	9.7	61.8	17.0
1975.....	75.6	21.6	40.9	8.2	57.2	13.7
1980.....	72.1	19.0	41.3	8.1	55.7	12.5
1985.....	67.9	15.8	42.0	7.3	54.2	10.8
1989.....	67.2	16.6	45.0	8.4	55.5	11.8

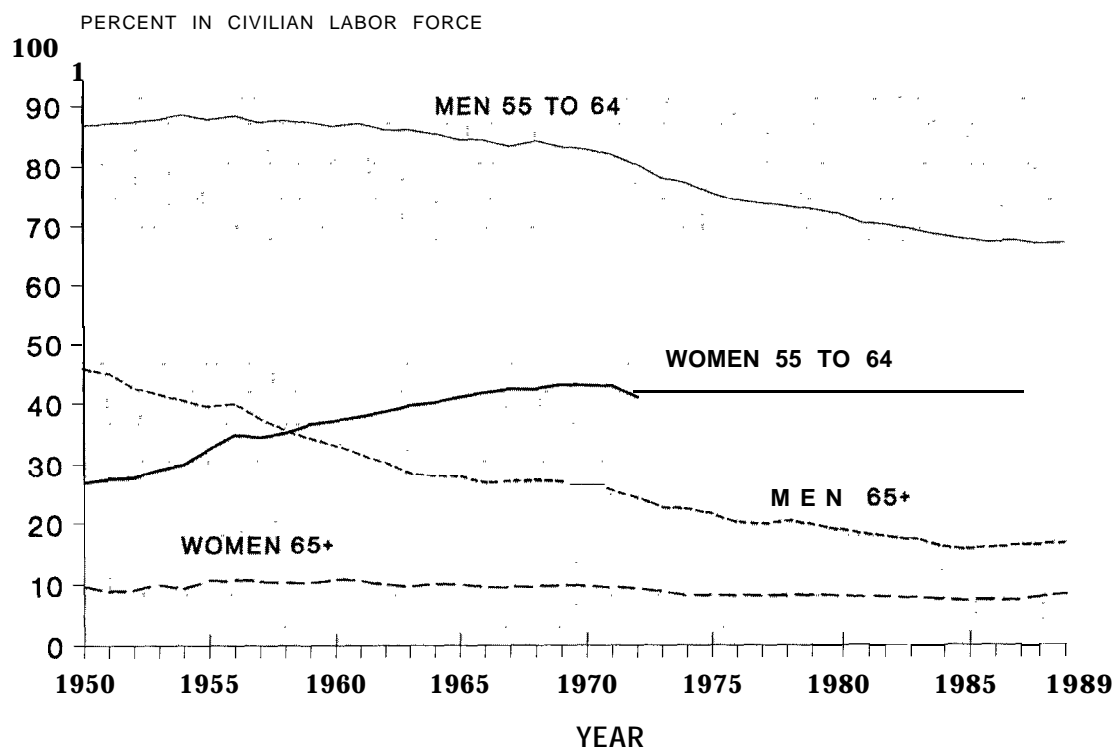
SOURCES: 1950-1980 data: U.S. Department of Labor, Bureau of Labor Statistics. *Handbook of Labor Statistics* Bulletin 2217 (June 1985).

1985 data: U.S. Department of Labor, Bureau of Labor Statistics. *Employment and Earnings* Vol. 33, No.1 (January 1986).

1989 data: U.S. Department of Labor, Bureau of Labor Statistics. *Employment and Earnings* Vol. 37, No. 1 (January 1990).

(See note in table 3-2.)

Chart 3-5
LABOR FORCE PARTICIPATION OF OLDER MEN
AND WOMEN, BY AGE: 1950-1989
(annual averages)



SOURCES: 1950 to 1980 data: U.S. Department of Labor, Bureau of Labor Statistics, *Handbook of Labor Statistics* Bulletin 2217 (June 1985).

1985 data: U.S. Department of Labor, Bureau of Labor Statistics. *Employment and Earnings* Vol. 33, No. 1 (January 1986).

1989 data: U.S. Department of Labor, Bureau of Labor Statistics. *Employment and Earnings* Vol. 37, No. 1 (January 1990).

MIDLIFE AND OLDER WORKERS ARE PROJECTED TO BECOME A LARGER PART OF THE LABOR FORCE OVER THE NEXT DECADE

The growth rate of the total labor force is projected to slow over the next decade, continuing a pattern that began in the early 1980s.^a However, this will affect workers age 55+ differently than younger workers. Between 1976 and 1988, for example, the 55+ labor force grew by 0.4 percent annually, but it is projected to increase by 1.2 percent per year between 1988 and the turn of the century. Most of the growth will be concentrated among people age 55 to 64, but a slight increase in the number of people age 65+ also is projected (table 3-5).

If Bureau of Labor Statistics (BLS) projections are correct, there will be 9.8 million men age 55+ and 7.6 million women age 55+ in the labor force by the year 2000, which will represent overall increases of 1 million older male participants and 1.3 million older female labor force participants since 1988 (table 3-5).

Despite increased numbers of labor force participants in older age groups, not all age groups will increase their participation rates. Participation rates of men age 65+ are projected to drop to just under 15 percent by 2000, while those for women may fall to 7.6 percent (table 3-6). By the turn of the century, workers 65+ may comprise 2.5 percent of the total labor force, only a slight drop from 2.7 percent in 1988.

The future looks somewhat different for men and women between the ages of 55 and 65. Men in that age group are projected to increase their labor force participation by one percentage point, from 67.0 to 68.1 percent, between 1988 and 2000. Women are expected to show an even sharper increase, with their rates rising from 43.5 percent in 1988 to 49.0 percent in 2000 (table 3-6).

^aHoward N Fullerton. "New Labor Force Projections, Spanning 1988 to 2000." *Monthly Labor Review* Vol. 112, No. 11 (November 1989).

Table 3-5
MODERATE GROWTH PROJECTIONS OF THE CIVILIAN LABOR FORCE,
BY AGE AND SEX: 2000
(in thousands)

Age and sex	Projection for 2000*	Change, 1988 to 2000	
		Number	Percent
Total 16+	141, 134	19, 465	16. 0
Men:			
16+	74, 324	7, 397	11. 1
16 to 24	11, 352	- 401	- 3. 4
25 to 54	53, 155	6, 773	14. 6
55+	9, 817	1, 026	11. 7
65+	2, 021	61	3. 1
Women:			
16+	66, 810	12, 068	22. 0
16 to 24	11, 104	322	3. 0
25 to 54	48, 112	10, 453	27. 8
55+	7, 594	1, 293	20. 5
65+	1, 454	130	9. 8

SOURCE: Howard N Fullerton. "New Labor Force Projections, Spanning 1988 to 2000." *Monthly Labor Review* Vol. 112, No. 11 (November 1989).

* Moderate growth assumptions.

Table 3-6
CIVILIAN LABOR FORCE PARTICIPATION RATE, BY AGE AND
SEX: 1950-1988, AND PROJECTED FOR 2000
(in percent)

Age and sex	Actual					Projected*
	1950	1960	1970	1980	1988	2000
Total, 16+	59.2	59.4	60. 4	63. 8	65.9	69. 0
Men, 16+	86. 4	83. 3	79. 7	77. 4	76. 2	75.9
16 to 24	77. 3	71. 7	69. 4	74. 4	72. 4	73. 2
25 to 54	96. 5	97. 0	95. 8	94. 2	93. 6	93. 0
55+	68. 6	60. 9	55. 7	45. 6	39. 9	38. 9
55 to 64	86. 9	86. 8	83. 0	72. 1	67. 0	68. 1
65+	45. 8	33. 1	26. 8	19. 0	16. 5	14. 7
Women, 16+	33. 9	37. 7	43. 3	51. 5	56. 6	62. 6
16 to 24	43. 9	42. 8	51. 3	61. 9	64. 5	69. 4
25 to 54	36. 8	42. 9	50. 1	64	72. 7	81. 4
55+	18. 9	23. 6	25. 3	22. 8	22. 3	24. 0
55 to 64	27. 0	37. 2	43. 0	41. 3	43. 5	49. 0
65+	9. 7	10. 8	9. 7	8. 1	7. 9	7. 6

SOURCE: Howard N Fullerton. "New Labor Force Projections, Spanning 1988 to 2000." *Monthly Labor Review* Vol. 112, No. 11 (November 1989).

Bureau of Labor Statistics, US. Department of Labor. *Handbook of Labor Statistics*. Bulletin 2217 (June 1985).

*Moderate growth assumptions.

JOBS ARE SHIFTING TO SERVICE AND LIGHT INDUSTRIES

The U.S. economy has been shifting from agriculture and heavy industry to service industries. For example, the number of jobs located in the U.S. goods-producing sector (agriculture, mining, construction, and manufacturing) rose slightly between 1959 and 1984, but the number of jobs in the service-producing sector nearly doubled. The proportion of all jobs in the goods-producing sector fell from 40 to 28 percent during this period, while the service-producing sector share of jobs rose from 60 to 72 percent.⁷ By 1989, service industries employed 40 percent of all workers age 65+ (table 3-7).

The occupational structure of the labor force has undergone similar changes, with a decreasing emphasis on agricultural and blue-collar jobs and an increasing emphasis on white-collar and service occupations. By 1989, almost three-quarters of workers age 65+ were in the following occupational categories: managerial and professional; technical, sales, and administrative support; and service occupations (table 3-8 and chart 3-6). This shift from physically demanding or hazardous jobs to those in which skills or knowledge are the important requirements may increase the potential for older workers to remain in the labor force longer.

Table 3-7
INDUSTRY OF EMPLOYED OLDER WORKERS, BY AGE: 1989
(annual averages)

Industry	Age		
	55 to 59	60 to 64	65+
Employed workers (in thousands)	6,854	4,644	3,355
Distribution (in percent)	100	100	100
Agriculture..	3	5	9
Mining	1	0	0
Construction..	6	6	4
Manufacturing-durables	12	11	6
Manufacturing-nondurables	9	7	5
Transportation/public utilities	7	6	3
Trade-wholesale and retail..	16	18	21
Finance, insurance, and real estate..	7	7	8
Services	34	35	40
Public administration.....	5	5	4

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics. Unpublished data from the 1989 Current Population Survey.

⁷Ronald E. Kutscher and Valerie A. Personick. "Deindustrialization and the Shift to Services." *Monthly Labor Review* Vol. 109, No. 6 (June 1986).

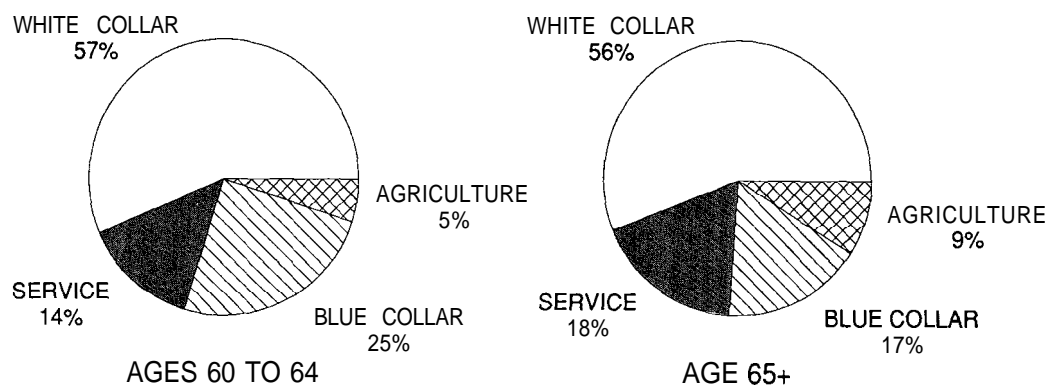
Table 3-8
OCCUPATION OF EMPLOYED OLDER WORKERS, BY AGE: 1989
 (annual averages)

Occupation	Age		
	55 to 59	60 to 64	65+
Employed workers (in thousands)	6,854	4,644	3,355
Distribution (in percent)*	100	100	100
Managerial and professional specialty	28	27	26
Technical, sales, administrative support ...	28	30	30
Service	13	14	18
Precision production, craft, repair.. ..	12	11	7
Operators, fabricators, laborers.. ..	15	14	10
Farming, forestry, fishing	3	5	9

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics. Unpublished data from the 1989 Current Population Survey.

* May not add to 100 due to rounding.

Chart 3-6
OCCUPATION OF EMPLOYED OLDER WORKERS,
BY AGE: 1989



SOURCE: U.S. Department of Labor, Bureau of Labor Statistics. Unpublished data from the 1989 Current Population Survey

NOTE: May add to more than 100 percent due to rounding. White collar includes (1) managerial and professional specialty and (2) technical, sales, and administrative support. Blue collar includes (1) precision production, craft, and repair, and (2) operators, fabricators, and laborers.

THE SHARE OF WOMEN IN THE OLDER LABOR FORCE
DOUBLED BETWEEN 1950 AND 1989

Due to the continuing trend of men retiring earlier, women's share of the older paid labor force doubled between 1950 and 1989. In 1950, just over 1 in 5 (23 percent) labor force participants age 55+ was a woman. By 1989, women accounted for 2 in 5 (43 percent) labor force participants age 55+. However, in 1989, 1 of every 5 women age 55+ was in the labor force—about the same proportion as 20 years earlier.

Between 1950 and 1989, there were differences in labor force participation among subgroups of older women. Women age 55 to 59 participated in the general increase in labor force activity, while the employment rates for women age 60 to 64 were largely unchanged.

Two-thirds of women age 55+ (and more than half of those age 25 to 34) were employed in three categories of jobs held traditionally by women—sales, administrative support (including clerical), and services.*

⁸Diane E. Herz. "Employment Characteristics of Older Women, 1987." Monthly *Labor Review* Vol. 111, No. 9 (September 1988) p. 5.

PART-TIME WORK

PART-TIME WORK IS AN INCREASINGLY IMPORTANT FORM OF EMPLOYMENT FOR WORKERS 65+

Being able to work part time in retirement is viewed as desirable by people of all ages.⁹ According to results of a nationwide poll taken by Louis Harris and Associates in **1981**, about three-quarters of the labor force preferred to continue some kind of paid part-time work after retirement. The majority of the older workers surveyed felt that a flexible work schedule would be beneficial for retirees. Seventy-four percent of workers age 55+, for instance, felt that a job that allows a day or two a week at home would be beneficial if they wanted to work after retirement. Eighty percent felt that greater availability of part-time work would be helpful, 71 percent felt that a job shared with someone else would be beneficial, and 57 percent felt that the freedom to set a flexible work schedule as long as one worked 70 hours every two weeks would be helpful. In contrast, far fewer individuals age 55+ (44 percent) felt that regular full-time jobs would be a help to them personally if they wanted to work after retirement.

Although the actual number of older people working part time does not begin to equal the number who report that this would be desirable, the proportion of both men and women workers on part-time schedules increases substantially after age 65. This difference has become more dramatic in recent decades (table 3-9). For instance, the proportion of male workers age 45 to 64 on part-time schedules scarcely increased from 1960 to 1989, but the proportion of male part-time workers age 65+ increased from 30 to 48 percent during this same period.

Table 3-9
FULL- OR PART-TIME STATUS OF WORKERS 45+
IN NONAGRICULTURAL INDUSTRIES, BY SEX AND AGE:
SELECTED YEARS, 1960 TO 1989

Sex and age	1960		1970		1982		1989	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Men:								
45 to 64.....	94	6	96	4	93	7	93	7
65+.....	70	30	62	38	52	48	52	48
Women:								
45 to 64..	78	22	77	23	74	26	76	24
65+.....	58	44	50	50	40	60	41	59

SOURCES: U.S. Department of Labor, Bureau of Labor Statistics. *Employment and Earnings* Vol. 37, No. 1 (January 1990); Vol. 30, No. 1 (January 1983); Vol. 17, No. 7 (January 1971).

U.S. Department of Labor, Bureau of Labor Statistics. *Labor Force and Employment in 1960* Special Labor Force Report No. 14 (April 1961).

⁹Louis Harris and Associates. *Aging in the Eighties: America in Transition*. National Council on the Aging, 1981.

In 1986, Congress passed legislation abolishing age-based mandatory retirement for most workers in the private sector as well as for people employed by state and local governments. Mandatory retirement had already been abolished for most federal workers, and 20 states had already taken some action (including abolition of mandatory retirement) to protect older workers against age-based employment discrimination. The law provided for several temporary exemptions (that will expire in 1994) for university professors, police, and firefighters, among others. Members of specialized occupations, such as airline pilots and state judges are subject to mandatory retirement. The elimination of mandatory retirement is not expected to result in a significant increase in the number of older workers in the labor force.

UNEMPLOYMENT

FOR OLDER WORKERS, UNEMPLOYMENT RESULTS IN LONG-TERM PROBLEMS

The unemployment rate for older workers is about half that of younger workers, but once they lose their jobs, older workers stay unemployed longer than younger workers, suffer greater earnings losses in subsequent jobs than younger workers, and are more likely to give up looking for work following a layoff.¹⁰

The majority of older people do not want to work full time after retirement, either because they see retirement as a reward for their years in the labor force, or because they have disabling health problems. Almost two-thirds of retirees age 65+ report that they left the work force by choice.¹¹ Of the remaining one-third who report that they were forced to retire, close to two-thirds claim to have retired because of disability or poor health. Others may retire because their career has reached a plateau or because they feel pressure to do so by employers or coworkers.

Unemployment is a serious problem for those people who have to work for economic reasons or who want to stay active. Based on figures for 1989, the unemployment rate for people age 65+ was 2.6 percent (table 3-10). Of Americans age 60+, 236,000 were out of work in 1989; 91,000 of these were age 65+. These numbers are not large compared with younger age groups, but because duration of unemployment is longer among older workers, there are relatively many more discouraged older workers than younger workers. As a consequence, the official unemployment figures may understate the number of elderly people with employment problems.

Table 3-10
UNEMPLOYMENT OF OLDER PEOPLE, BY AGE AND SEX: 1989
(annual averages)

Subject	60 to 64			65+		
	Total	Men	Women	Total	Men	Women
Number unemployed (in thousands) .	145	92	53	91	49	41
Unemployment rate (percent)	3.0	3.3	2.6	2.6	2.4	2.9

SOURCE: US. Department of Labor, Bureau of Labor Statistics. **Employment and Earnings** Vol. 37, No. 1 (January 1990)

¹⁰Philip L. Rones. "Labor Market Problems of Older Workers." Monthly *Labor Review* Vol. 106, No. 5 (May 1983); Herbert S. Parnes, Mary G. Gagen, and Randall H. King. "Job Loss Among Long Service Workers." *Work and Retirement: A Longitudinal Survey of Men* Ed. Herbert S. Parnes. Cambridge: MIT Press (1981).

¹¹Louis Harris and Associates. *Aging in the Eighties: America in Transition*. National Council on the Aging (1981).

Older people who are unemployed stay out of work longer than younger people. In fact, people age 55 to 64 have the longest duration of unemployment of any group in the country. Unemployed workers age 55 to 64 in 1989 had an average of 18 weeks of unemployment, compared with 9 weeks for workers age 20 to 24.

Discouraged workers are those who want a job but do not look for work because they think no jobs are available or that they would not be hired. They essentially “drop out” and therefore appear in neither unemployment nor employment statistics. For people age 60+, the number of discouraged workers was 168,000 in 1989. If they were included in labor force statistics, discouraged workers would increase the 1989 unemployment rate for workers age 60+ from 2.9 to 4.8 percent.

Older job seekers are less likely to find jobs than younger people and if they do find jobs, they are more likely to suffer earnings losses. Longitudinal data and surveys reveal that the wages of rehired older workers are often so low as to discourage many from seeking work after losing a job. Employment benefits for older workers are also less common, largely because most older workers are employed by small employers who provide only limited benefits, if any, for their workers of all ages.

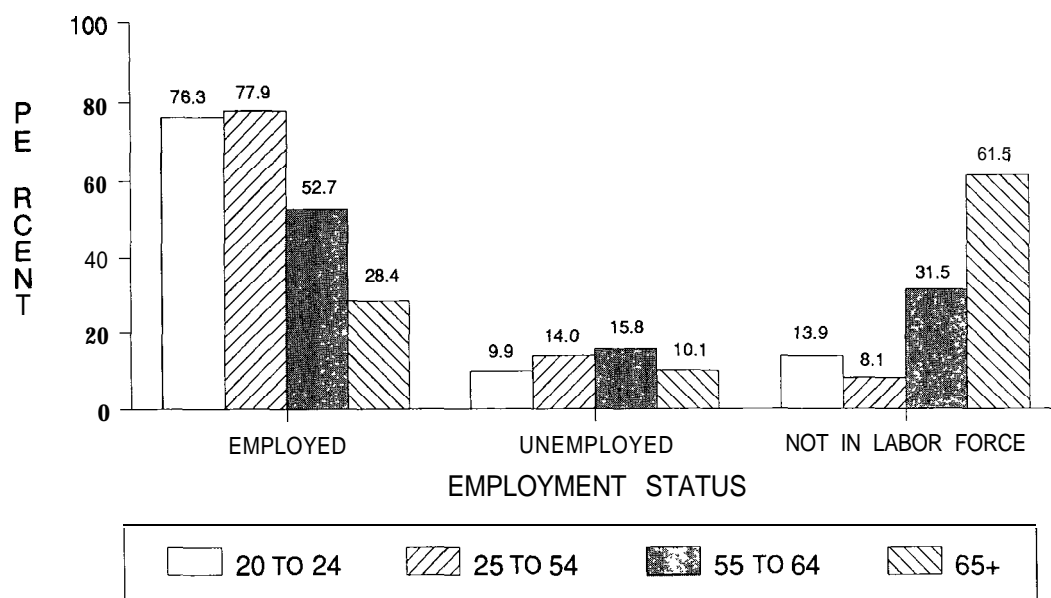
Although people age 55+ represent 13 percent of the labor force, a recent survey by the Bureau of Labor Statistics found that people in this older age group represented 18 percent of all “displaced” workers.¹² Displaced workers were defined for this study as workers age 20+ with three or more years of job tenure who lost their jobs in the preceding five years as a result of plant closings or moves, slack work, or the abolition of their positions or shifts.

Only half (48 percent) of the 786,000 older displaced workers in January 1990 had found new jobs, compared with three-fourths of their younger counterparts (chart 3-7). About 15 percent of the older workers were still looking for work and over one-third (38 percent) had left the labor force, an option not open to many younger displaced workers. Among displaced workers 65+, only 1 in 4 (28 percent) had found new jobs and 3 of every 5 were no longer in the labor force. A 1986 study by the Bureau of Labor Statistics found that 58 percent of displaced workers age 55+ who had found new full-time wage and salary jobs were receiving less pay than from the jobs they had lost, compared with only 43 percent for younger workers.¹³

¹²U.S. Department of Labor, Bureau of Labor Statistics. “Worker Displacement Continues to Decline,” Press Release USDL 90-364 (July 17, 1990).

¹³U.S. Department of Labor, Bureau of Labor Statistics. Labor Market *Problems of Older Workers* (January 1989), pages 27-33.

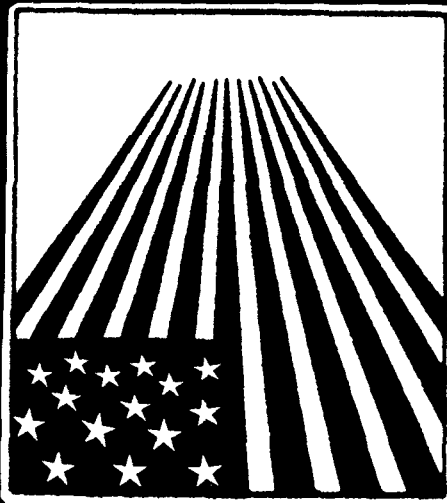
Chart 3-7
EMPLOYMENT STATUS OF DISPLACED WORKERS,
BY AGE: JANUARY 1990



SOURCE: U.S. Department of Labor, Bureau of Labor Statistics "Worker Displacement Continues to Decline," Press Release USDL 90-364 (July 17, 1990).

Chapter 4

Health Status
and
Health Services Utilization



Health Status and Health Services Utilization

The majority of elderly people in their younger retirement years are relatively healthy and are not as limited in activity as frequently assumed—even if they have chronic illnesses. However, health and mobility do decline with advancing age. By the eighth and ninth decades of life, the chance of being limited in activity and in need of health and social services increases significantly.

This section describes the health status, health utilization patterns, and health expenses of the older population.

SELF-ASSESSMENT OF HEALTH

OLDER PEOPLE HAVE A POSITIVE VIEW OF THEIR PERSONAL HEALTH

Contrary to popular opinion, older people, on average, view their health positively. According to results of the **1989** Health Interview Survey conducted by the National Center for Health Statistics, nearly 71 percent of elderly people living in the community describe their health as excellent, very good, or good, compared with others their age; only 29 percent report that their health is fair or poor (table 4-1 and chart 4-1). Although this survey excludes the institutionalized 65+ population and, therefore, over-samples the healthy elderly, the results are a good indicator of overall health status of the elderly in the community.

Income is directly related to one's perception of his or her health. About 26 percent of older people with incomes over \$35,000 described their health as excellent compared to others their age, while only about 10 percent of those with low incomes (less than \$10,000) reported excellent health.

Table 4-1
 NUMBER OF ELDERLY PEOPLE AND PERCENT DISTRIBUTION
 BY RESPONDENT-ASSESSED HEALTH STATUS, BY SEX AND FAMILY INCOME, 1989

Characteristic	All persons ¹ (000s)	Respondent-assessed health status*					
		All health status ³	Excel- lent	Very good	Good	Fair	Poor
All persons 65+ ⁴	29,219	100.0	16.4	23.1	31.9	19.3	9.2
Sex:							
Men.....	12,143	100.0	16.9	23.2	30.8	18.4	10.7
Women.....	17,076	100.0	16.1	23.0	32.8	20.0	8.1
Family income:							
Under \$10,000.....	5,612	100.0	10.3	19.4	29.7	25.0	15.6
\$10,000 to \$19,999.....	8,002	100.0	14.8	21.7	33.9	21.1	8.5
\$20,000 to \$34,999.....	5,242	100.0	20.2	25.7	32.5	15.7	5.9
\$35,000 and over.....	3,484	100.0	26.0	26.8	30.3	11.7	5.1

SOURCE: National Center for Health Statistics. "Current Estimates from the National Health Interview Survey, 1989."
Vital and Health Statistics Series 10, No. 176 (October 1990). Data are based on household interviews of the civilian, noninsti-
 tutionalized population.

NOTE: Percentages may not add to 100 percent due to rounding.

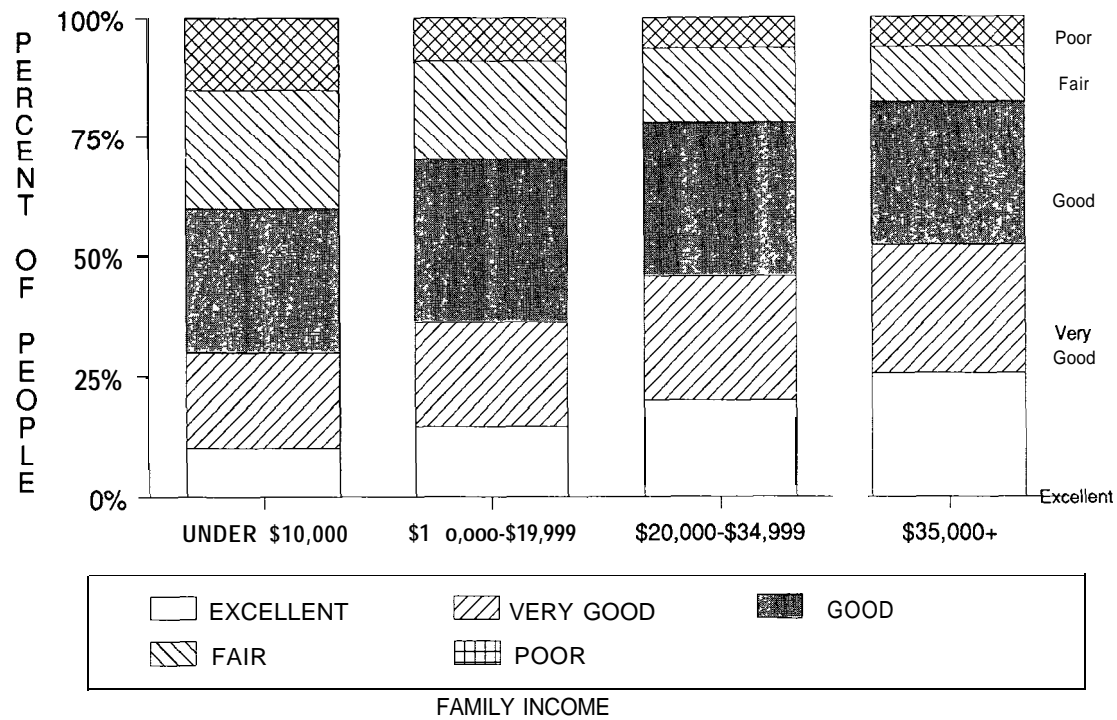
1 Includes unknown health status.

2 Excludes unknown health status.

3 The categories related to this concept result from asking the respondent, "Would you say-health is excellent, very good, good, fair, or poor?" As such, it is based on the respondent's opinion and not directly on any clinical evidence.

4 Includes unknown family income.

Chart 4-1
SELF-ASSESSMENT OF HEALTH BY INCOME FOR
PEOPLE 65+: 1989



SOURCE: National Center for Health Statistics. "Current Estimates from the National Health Interview Survey, 1989." *Vital and Health Statistics* Series 10, No. 176 (October 1990).

PERSONAL HEALTH HABITS

THE ELDERLY TEND TO HAVE BETTER PERSONAL HEALTH HABITS THAN THE NONELDERLY

Findings from the 1985 National Health Survey indicate that the elderly take better care of their health than the nonelderly. People age 65+ are less likely to smoke, be overweight, drink, or report that stress has adversely affected their health than the nonelderly (table 4-2). However, the elderly are far less likely to exercise regularly.

The lower rates of smoking and drinking among the elderly can be attributed to the tendency toward discontinuing these habits in older age, whether spontaneously or in response to a medical condition or advice, and to the higher mortality rates of those who were smokers and drinkers. For example, the 1979 Surgeon General's Report on Smoking and Health states that men in their thirties who smoke more than two packs of cigarettes a day lose an average of eight years of life. Slightly over one-half of both elderly and nonelderly people have ever smoked. However, only one-third of elderly people who ever smoked still do so, compared with two-thirds of nonelderly people. Thirty-one percent of elderly people who currently smoke report smoking every day, compared with a high of 42 percent of people 18 to 29 years old. In addition, only 12 percent of the elderly, compared with 25 percent of people 45 to 64, reported taking five or more drinks on any given day in the past year.

The elderly are slightly less likely to be overweight than the nonelderly. Thirteen percent of older people report themselves as being 30 percent or more above desirable weight, compared with 18 percent of those 45 to 64. Nearly three-fourths of both elderly and nonelderly people who are trying to lose weight do so by consuming fewer calories. However, while 77 percent of those under age 65 exercise to lose weight, only 53 percent of those 65+ do so.

Older people, in general, do not exercise as regularly as nonelderly people—27 percent and 44 percent, respectively. There is no difference between the two groups for light to moderate exercise—approximately 40 percent of both age groups reported walking for exercise, but few elderly reported heavier exercise, such as jogging or running. Differences in perceptions of physical activity vary only slightly by age until age 75 when 10 percent of individuals report that they are less physically active than their contemporaries, compared with 16 percent of people age 65 to 74.

The elderly have better eating habits than nonelderly people. Nearly 9 out of 10 (87 percent) eat breakfast every day, compared with one-half of those under age 65. Only 5 percent of people age 75+ report never eating breakfast, compared with a high of 30 percent for 18-to-44-year-olds. The elderly are also far less likely to eat between meals—55 percent of the aged, compared with 75 percent of the nonaged.

Two other indicators of the elderly taking better care of their health than the nonelderly are reduced stress and a regular source of medical care. Stress affects the health of younger people far more often than the elderly. Nearly two-thirds of the elderly reported that stress had little or no effect on their health, compared with 52 percent of younger people. A vast majority of the elderly (88 percent) have a regular source of medical care, compared with 75 percent of the nonelderly.

Table 4-2
PERSONAL HEALTH CHARACTERISTICS FOR PEOPLE 18+: 1985

Characteristic (%)	Sleeps 6 hours or less	Never eats breakfast	Smokes every day ¹	Less physically active than contem- poraries	Had 5 or more drinks on any one day*	Current smoker	30% or more above desirable weights
All people 18+ ⁴	22.0	24.3	39.0	16.4	37.5	30.1	13.0
AGE							
18 to 29 years.....	19.8	30.4	42.2	17.1	54.4	31.9	7.5
30 to 44 years.....	24.3	30.1	41.4	18.3	39.0	34.5	13.6
45 to 64 years.....	22.7	21.4	37.9	15.3	24.6	31.6	18.1
65+ years.....	20.4	7.5	30.7	13.5	12.2	16.0	13.2
65 to 74 years.....	19.7	9.0	32.4	15.8	NA	19.7	14.9
75+ years.....	21.5	5.1	27.8	9.8	NA	10.0	10.3

SOURCE: U.S. National Center for Health Statistics, unpublished data. Based on National Health Interview Survey.

¹ Percent of current smokers.

² Percent of drinkers who had five or more drinks on any one day in the past year.

³ Based on 1960 Metropolitan Life Insurance Company standards. Data are self-reported.

⁴ Excludes people whose health practices are unknown.

CHRONIC CONDITIONS AND HEALTH PROBLEMS

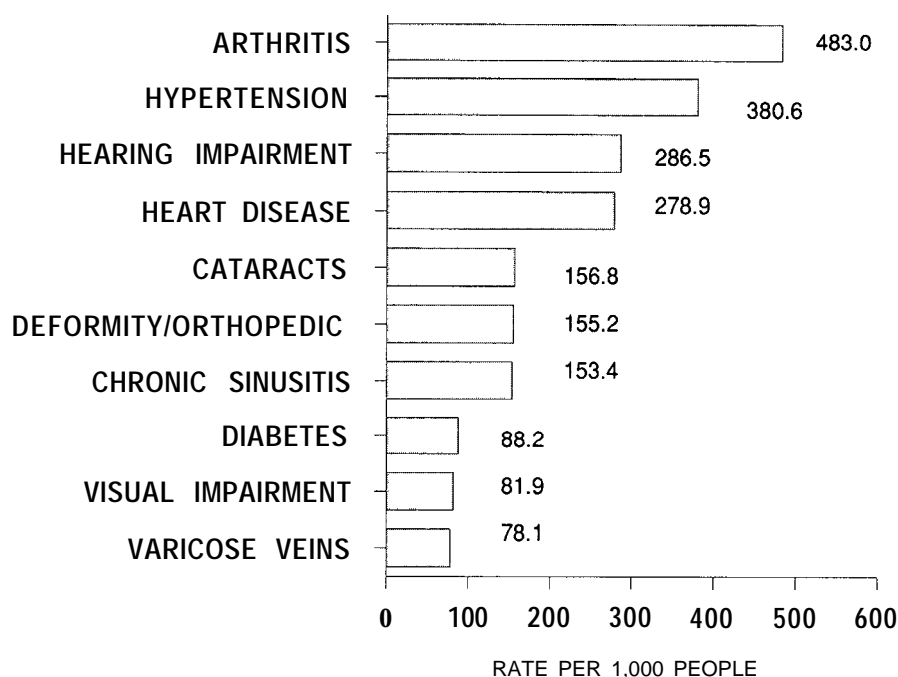
CHRONIC CONDITIONS, ALTHOUGH NOT NECESSARILY LIMITING, ARE THE BURDEN OF OLDER AGE

The pattern of illness and disease has changed in the past 80 years. Acute conditions were predominant at the turn of the century, while chronic conditions are now the more prevalent health problem for elderly people.¹ There has also been a change in the pattern of wellness within an individual's lifetime. As individuals grow older, acute conditions become less frequent and chronic conditions become more prevalent. Cross-sectional data have shown that the likelihood of suffering from a chronic illness or disabling condition increases rapidly with age. More than 4 out of 5 people age 65+ have at least one chronic condition, and multiple conditions are commonplace among older people, especially older women.

The leading chronic conditions for the elderly in 1989 were arthritis, hypertension, hearing impairments, and heart disease (table 4-3 and chart 4-2). In most cases, the rates for these diseases increase with age. For instance, the rate for arthritis among people age 45 to 64 is 254 per 1,000; for people age 65 to 74 it is 437 per 1,000; and for people age 75+ it is 555 per 1,000.

¹National Center for Health Statistics. Linda Lawrence and Thomas McLemore. "1981 Summary: National Ambulatory Medical Care Survey." *Advance Data No. 88* (March 16, 1983). Also see National Center for Health Statistics. Jack Guralnik et. al., "Aging in the Eighties: The Prevalence of Comorbidity and its Association with Disability." *Advance Data No. 170* (May 26, 1989).

Chart 4-2
THE TOP TEN CHRONIC CONDITIONS FOR
PEOPLE 65+: 1989



SOURCE: National Center for Health Statistics. "Current Estimates from the National Health Interview Survey, 1989." *Vital and Health Statistics* Series 10, No. 176 (October 1990).

Table 4-3
TOP TEN CHRONIC CONDITIONS FOR PEOPLE 65+, BY AGE AND RACE: 1989
(number per 1,000 people)

Condition	Age				Race (65+)		
	65+	45 to 64	65 to 74	75+	White	Black	Black as % of white
Arthritis	483.0	253.8	437.3	554.5	483.2	522.6	108
Hypertension	380.6	229.1	383.8	375.6	367.4	517.7	141
Hearing impairment	286.5	127.7	239.4	360.3	297.4	174.5	59
Heart disease	278.9	118.9	231.6	353.0	286.5	220.5	77
Cataracts	156.8	16.1	107.4	234.3	160.7	139.8	87
Deformity or orthopedic impairment	155.2	155.5	141.4	177.0	156.2	150.8	97
Chronic sinusitis	153.4	173.5	151.8	155.8	157.1	125.2	80
Diabetes	88.2	58.2	89.7	85.7	80.2	165.9	207
Visual impairment	81.9	45.1	69.3	101.7	81.1	77.0	95
Varicose veins	78.1	57.8	72.6	86.6	80.3	64.0	80

SOURCE: National Center for Health Statistics. "Current Estimates from the National Health Interview Survey, 1989." *Vital and Health Statistics* Series 10, No. 176 (October 1990).

Most visits to the hospital by older people are for chronic conditions. Diseases of the circulatory, digestive, and respiratory systems, and cancer are the leading causes of hospitalization among the elderly.² Likewise, most physician visits by older people are for such chronic conditions as problems with the circulatory, respiratory, and nervous systems as well as musculoskeletal problems such as arthritis.³

The types of conditions experienced by older people vary by sex and race. Older men are more likely than women to experience acute illnesses that are life threatening, while elderly women are more likely to have chronic illnesses that cause physical limitations. Arthritis and osteoporosis, for example, are much more common among older women than men, while coronary heart disease is much more common among older men. The health situation of elderly blacks is generally poorer than that of elderly whites. For example, 45 percent of older blacks reported their health as fair or poor in 1989, compared with only 27 percent of older whites.⁴ Older blacks are 107 percent more likely than older whites to report having diabetes, 41 percent more likely to report hypertension, and 8 percent more likely to report arthritis (table 4-3).

The severity of certain chronic diseases may be reduced in the near future by new technologies. Such clinical innovations as renal dialysis, insulin pumps, and medications to reduce vascular spasms after a stroke are examples of recent advances that could benefit older people.

HEART DISEASE IS THE LEADING HEALTH PROBLEM FOR THE ELDERLY

Heart disease leads all other conditions in each of four major indicators of mortality or health care use by the elderly. It is the leading diagnosis for short-stay hospital visits for people 65+, as well as the leading cause of death. Sex differences in heart disease mortality are dramatic. In 1987, the death rate for older white men from heart disease was 2,372 per 100,000, compared with 1,893 per 100,000 for white women.⁵ Although heart disease remains the major contributor to poor health and death in old age, the past three decades have shown a marked decline in death rates for heart disease. One probable contributing factor to this overall decline has been an increase in the control of hypertension, a major risk factor in heart disease.⁶

Heart disease, cancer, and stroke are the leading causes of death in the United States. Together they account for 7 of every 10 deaths among the elderly. They also are responsible for about 20 percent of doctor visits, 40 percent of hospital days, and 50 percent of all days spent in bed. Arthritis and rheumatism, on the other hand,

²National Center for Health Statistics. "1988 Summary: National Hospital Discharge Survey." Advance Data from *Vital and Health Statistics No. 185* (June 19, 1990).

³National Center for Health Statistics. "The National Ambulatory Medical Care Survey, United States, 1975-81 and 1985 Trends." *Vital and Health Statistics Series 13*, No. 93 (June 1988).

⁴National Center for Health Statistics. "Current Estimates from the National Health Interview Survey, 1989." *Vital and Health Statistics Series 10*, No. 176 (October 1990).

⁵National Center for Health Statistics. *Health, United States, 1989*, DHHS Pub. No. (PHS)90-1232, Washington: Department of Health and Human Services (March 1990). Data derived from tables 1 and 26.

⁶National Center for Health Statistics. *Health, United States, 1985*, DHHS Pub. No. (PHS)86-1232, Washington: Department of Health and Human Services (December 1985).

account for relatively few deaths and only 2 percent of hospital days. They do, however, account for 16 percent of days spent in bed, nearly as much as for heart disease.⁷

MENTAL HEALTH PROBLEMS OF THE ELDERLY ARE SIGNIFICANT IN THEIR IMPACT ON MENTAL STATUS AND EMOTIONAL STATE IN LATER LIFE

The mental health problems of the elderly are significant in frequency, in their impact on mental status in later life, and in their potential influence on the course of physical illness in older adults. Studies over the last several decades have documented that between 15 percent and 25 percent of older people have serious symptoms due to mental disorders.⁸ More recent reports have continued to document comparably high levels of major disorders, symptoms, and suicide. The number of people with mental disorders living in nursing homes continues to rise. At the same time, 27 percent of state mental hospital patients are age 65+.

Alzheimer's disease is the leading cause of cognitive impairment in old age.⁹ Alzheimer's disease and other organic mental disorders affect 1 of every 10 older adults living in the community (chart 4-3). It has been estimated that nearly half (47 percent) of people 85+ are afflicted with the disease. Cognitive impairment, whether from Alzheimer's or other causes, is one of the principal reasons for institutionalization of the elderly.

Suicide is a more frequent cause of death among the elderly than among any other age group, although this is due primarily to the relatively high suicide rate among older white men. In 1987, the suicide rate for older white men (46 deaths per 100,000 population) was over two and one-half times the rate for older black men (18), over six times the rate for older white women (7), and nearly 21 times the rate for older black women (2.2) (chart 4-4).¹⁰

The relationship between mental and physical health is particularly significant among older people. A growing body of knowledge has pointed out the adverse effects of mental health problems on the course of illness in later life.¹¹ For example, psychiatric consultation has had a positive effect on the length of stay and outcome for cardiac surgery patients.¹²

Depression plays an important role in the health of older people. Symptoms of depression have been described in as many as 15 percent of older people living in the community. While differing rates of depression have been reported to describe

⁷National Center for Health Statistics. *Health, United States, 1982*. DHHS Pub. No. (PHS)83-1232, Washington: Department of Health and Human Services (December 1982).

⁸Martin Roth. "The Psychiatric Disorders of Later Life." *Psychiatric Annals* Vol. 6, No. 9 (September 1976).

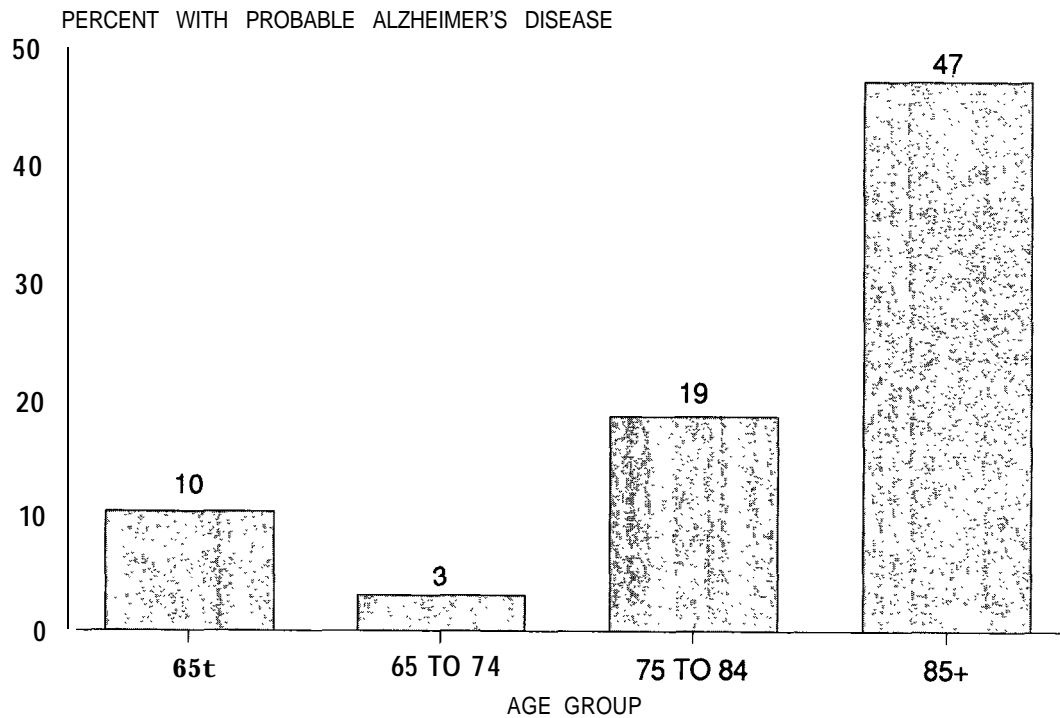
⁹J.A. Mortimer. "Alzheimer's Disease and Senile Dementia: Prevalence and Incidence." *Alzheimer's Disease: The Standard Reference*. Edited by Barry Reisberg. New York: The Free Press, 1983, pages 141-148.

¹⁰National Center for Health Statistics. *Health, United States, 1989*. DHHS Pub. No. (PHS)90-1232, Washington: Department of Health and Human Services (March 1990).

¹¹Gene Cohen. "Toward an Interface of Mental and Physical Health Phenomena in Geriatrics: Clinical Findings and Questions." *Aging 2000: Our Health Care Destiny* Vol. I, New York: Springer-Verlag (1985).

¹²Stephan J. Levitan and Donald S. Kornfeld. "Clinical and Cost Benefits of Liaison Psychiatry." *American Journal of Psychiatry* Vol. 138, No. 6 (1981).

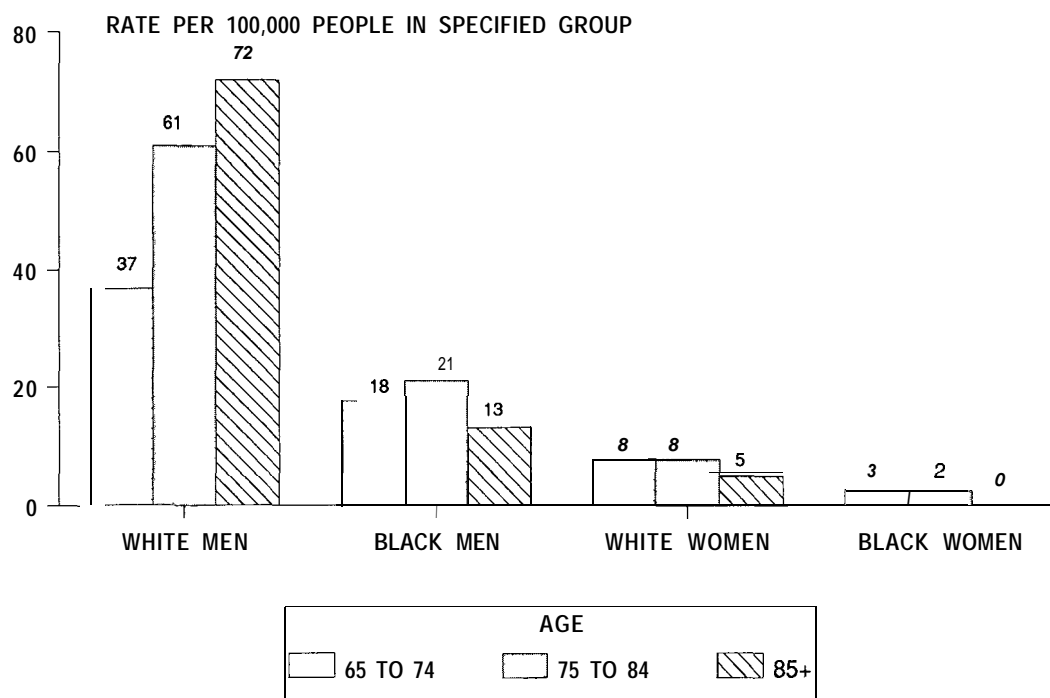
Chart 4-3
PERCENT OF PEOPLE 65+ WITH PROBABLE ALZHEIMER'S DISEASE,
BY AGE GROUP



SOURCE: Denis A. Evans, MD, et al. "Prevalence of Alzheimer's Disease in a Community Population of Older Persons." *Journal of the American Medical Association* Vol. 262, No. 18 (November 10, 1989).

NOTE: Excludes people in nursing homes and other institutions.

Chart 4-4
SUICIDERATES FOR PEOPLE 65+,
BY AGE AND RACE: 1987



SOURCE: National Center for Health Statistics. *Health, United States, 7989*. DHHS Pub. No. (PHS)90-1232, Washington: Department of Health and Human Services (March 1990).

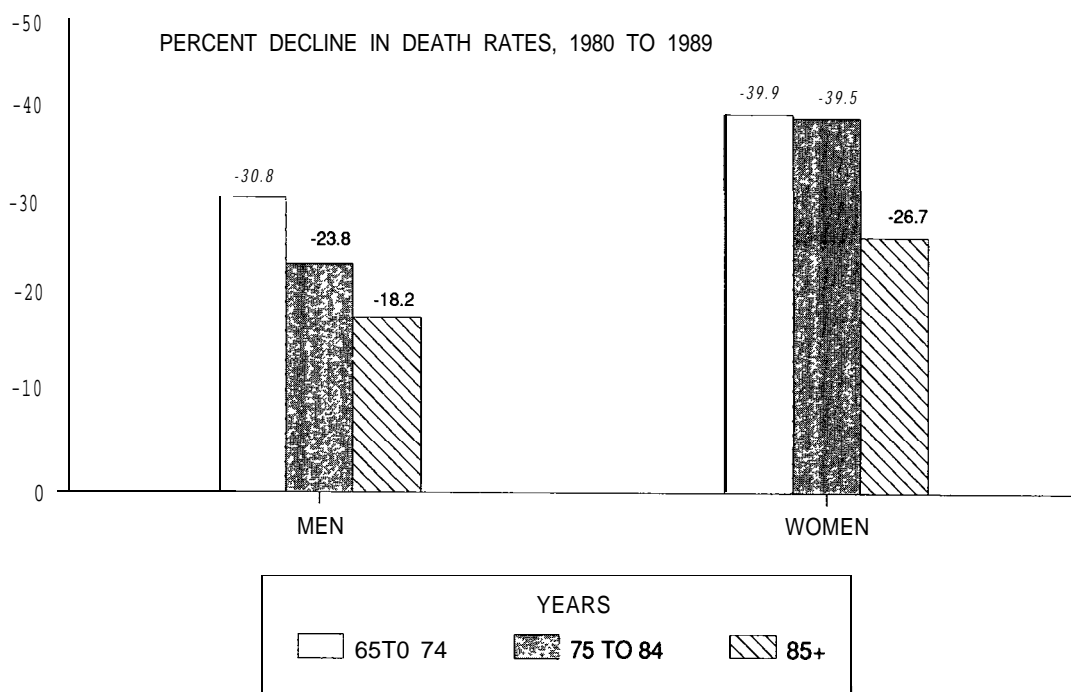
the profile of mental health in old age, these rates may be misleading because they often reflect only “primary” depressions-depressions that occur for other than physical causes or drug side effects. When the numbers of those who suffer from “secondary” depressions are factored in, a more accurate picture of depression in later life emerges. Older people are more at risk for secondary depressions than any other age group because they suffer from physical illness and take more medication than other age groups.

MORTALITY

DEATH RATES FOR THE ELDERLY HAVE DECLINED DRAMATICALLY IN THE LAST SEVERAL DECADES

The last several decades have seen tremendous improvement in life expectancy (see chapter 1). Significant declines in death rates have occurred in the older age groups, although the pace and timing of these declines have varied for individual age-sex-race groups within the older population (table 4-4 and chart 4-5). For example, declines in death rates for people 85+ have not been quite as dramatic as those for people 65 to 84 years of age. Likewise, the declines for older women are greater than those for older men: and the declines for older whites, regardless of gender, have been considerably larger than the declines for older blacks.

Chart 4-5
PERCENT DECLINE IN DEATH RATES FOR OLDER
PEOPLE, BY AGE AND SEX: 1950-1989



SOURCES: National Center for Health Statistics. "Annual Summary of Births, Marriages, Divorces, and Deaths: United States, 1989." *Monthly Vital Statistics Report* Vol. 38, No. 13 (August 30, 1990).

National Center for Health Statistics. "Annual Summary of Births, Marriages, Divorces, and Deaths: United States, 1984." *Monthly Vital Statistics Report* Vol. 33, No. 13 (September 26, 1985).

Table 4-4
DEATH RATES FOR OLDER PEOPLE, BY AGE, SEX, AND RACE:
SELECTED YEARS, 1950-1 989
 (rates are deaths per 1,000 resident population in specified group)

Age, sex, and race	1950 ¹	1960 ¹	1970	1980	1989 ²
All races, both sexes:					
65 to 74.....	40.7	38.2	35.8	29.9	26.3
75 to 84.....	93.3	87.5	80.0	66.9	61.7
85 +.....	202.0	198.6	163.4	159.8	150.8
All races, men:					
65 to 74.....	49.3	49.1	48.7	41.1	34.1
75 to 84.....	104.3	101.8	100.1	88.2	79.5
85 +.....	216.4	211.9	178.2	188.0	177.0
All races, women:					
65 to 74.....	33.3	28.7	25.8	21.4	20.0
75 to 84.....	84.0	76.3	66.8	54.4	50.8
85 +.....	191.9	190.1	155.2	147.5	140.7
White, men:					
65 to 74.....	48.6	48.5	48.1	40.4	33.5
75 to 84.....	105.3	103.0	101.0	88.3	79.4
85 +.....	221.2	217.5	185.5	191.0	181.1
White, women:					
65 to 74.....	32.4	27.8	24.7	20.7	19.5
75 to 84.....	84.8	77.0	67.0	54.0	50.7
85 +.....	196.8	194.8	159.8	149.8	143.2
Black, men:					
65 to 74.....	53.1	58.0	58.0	51.3	45.2
75 to 84.....	101.03	86.1	94.5	92.3	89.0
85 +.....		148.4	122.2	161.0	149.6
Black, women:					
65 to 74.....	40.0	40.6	38.6	30.6	27.4
75 to 84.....	83.53	67.3	66.9	62.1	58.1
85 +.....		130.5	107.1	123.7	122.2

SOURCES: 1960-1989 data: National Center for Health Statistics. "Annual Summary of Births, Marriages, Divorces, and Deaths: United States, **1989**." *Monthly Vital Statistics Report* Vol. 38, No.13 (August 30, 1990).

1950 race data: National Center for Health Statistics. *Health, United States, 1988*. DHHS Pub. No. (PHS)89-1232 Washington: Department of Health and Human Services (March 1989).

1950 data for all races: National Center for Health Statistics. "Annual Summary of Births, Marriages, Divorces, and Deaths: United States, **1984**." *Monthly Vital Statistics Report* Vol. 33, No. 13 (September 26, 1985).

¹ Includes deaths of nonresidents.

² Provisional data based on 10 percent sample of deaths.

³ Figure is for people 75+.

HEART DISEASE, CANCER, AND STROKE ARE THE LEADING CAUSES OF DEATH FOR THE ELDERLY

As previously noted, in the United States about 7 of every 10 elderly people die from heart disease, cancer, or stroke (chart 4-7). Heart disease was the major cause of death in 1950, and remains so today, even though there have been rapid declines in death rates from heart disease since 1968, especially among women (chart 4-6). Death rates from cancer continue to rise, especially deaths caused by lung cancer. In 1988, however, heart disease accounted for 40 percent of all deaths among people age 65+, while cancer accounted for 21 percent of all deaths in this age group. Even if cancer were eliminated as a cause of death, the average life span at age 65 would be extended by less than two years because of the prevalence of heart disease. Eliminating deaths due to heart disease, on the other hand, would add five years to life expectancy at age 65, and would lead to a sharp increase in the proportion of older people in the total population.¹³

The third leading cause of death among the elderly-stroke (cerebrovascular disease)-has been decreasing over the past 30 years. Reasons for this dramatic decline are not fully understood. Part of the decline may be attributable to better control of hypertension. Better diagnosis and improved management and rehabilitation of stroke victims may also be related factors.¹⁴ In 1988, cerebrovascular disease accounted for only 8 percent of all deaths in the 65+ age group.

Table 4-5 shows the 10 leading causes of death for three sub-groups of the older population.

Table 4-5
DEATH RATES FOR TEN LEADING CAUSES OF DEATH
AMONG OLDER PEOPLE, BY AGE: 1988
(rates per 100,000 population in age group)

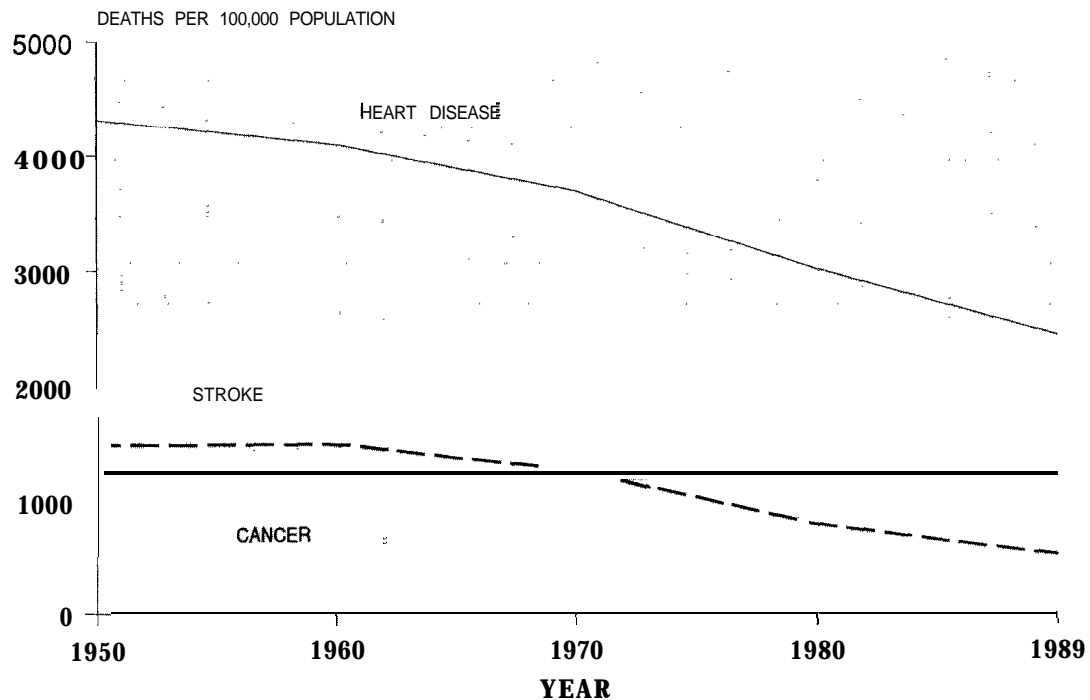
Cause of death	65+	65 to 74	75 to 84	85+
ALL CAUSES	5,105	2,730	6,321	15,594
Diseases of the heart	2,066	984	2,543	7,098
Malignant neoplasms	1,068	843	1,313	1,639
Cerebrovascular diseases	431	155	554	1,707
Chronic obstructive pulmonary disease	226	152	313	394
Pneumonia and influenza	225	60	257	1,125
Diabetes	97	62	125	222
Accidents	89	50	107	267
Atherosclerosis	69	15	70	396
Nephritis, nephrotic syndrome, nephrosis	61	26	78	217
Septicemia	56	24	71	199

SOURCE: National Center for Health Statistics. "Advanced Report of Final Mortality Statistics, 1988." *Monthly Vital Statistics Report* Vol. 39, No. 7, Supplement (November 28, 1996).

¹³National Center for Health Statistics. "United States Life Tables Eliminating Certain Causes of Death." U.S. *Decennial Life Tables for 1979-1981* Vol. 1, No. 2 (July 1988).

¹⁴National Center for Health Statistics. *Health, United States, 1985*. DHHS Pub. No. (PHS)86-1232, Washington: Department of Health and Human Services (December 1985).

Chart 4-6
DEATH RATES FOR LEADING CAUSES OF DEATH
FOR PEOPLE AGE 75 TO 84: 1950-1989

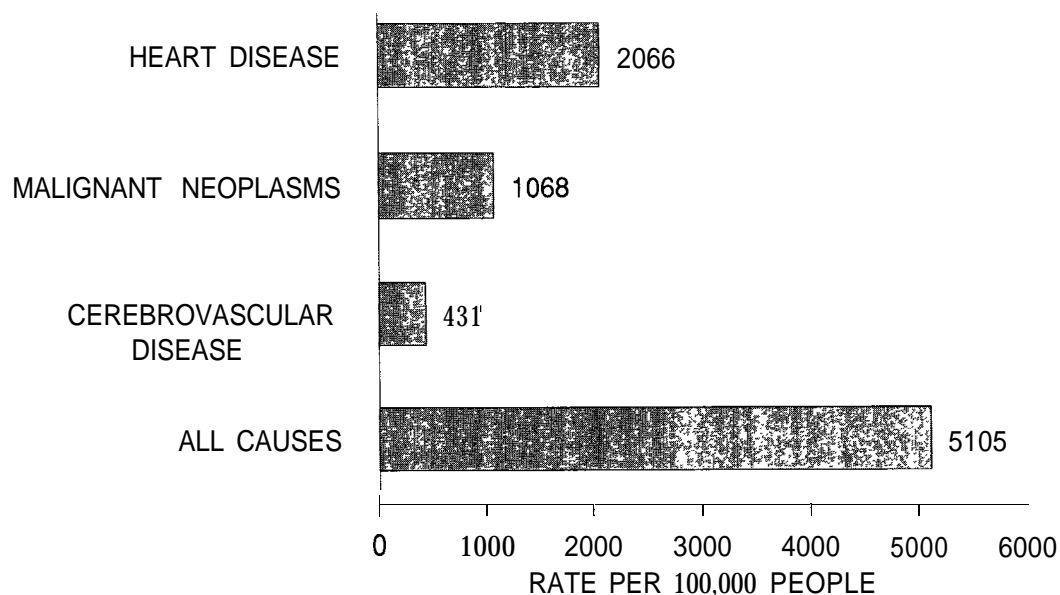


SOURCES: National Center for Health Statistics. Health, United States, 1989. DHHS Pub. No. (PHS)90-1232, Washington: Department of Health and Human Services (March 1990).

National Center for Health Statistics. "Annual Summary of Births, Marriages, Divorces, and Deaths: United States, 1989." *Monthly Vital Statistics Report* Vol. 38, No. 13 (August 30, 1990).

National Center for Health Statistics, "Advance Report of Final Mortality Statistics, 1988." *Monthly Vital Statistics Report* Vol 39, No. 7, Supplement (November 28, 1990).

Chart 4-7
THE TOP CAUSES OF DEATH AMONG OLDER PEOPLE:
1988



SOURCE: National Center for Health Statistics. "Advance Report of Final Mortality Statistics, 1988." Monthly *Vital Statistics Report* Vol 39, No. 7, Supplement (November 28, 1990).

The factors that have led to reductions in mortality may or may not also lead to overall improvements in health status. If Americans continue to live only to about age 85, control of life-threatening diseases could produce a healthier older population. But if the life-span is increased dramatically in future years, beyond age 85, the onset of illness may only be delayed, without an actual shortening of the period of illness.

(NOTE: Data for causes of death are based on information taken from death certificates. A secondary illness will frequently be recorded as the cause of death and the underlying cause of death is not listed.)

HEALTH SERVICES UTILIZATION

THE ELDERLY ARE THE HEAVIEST USERS OF HEALTH SERVICES

With a greater prevalence of chronic conditions than in the population at large, older people use medical personnel and facilities more frequently than younger people do. On the average, people 65+ visit a physician eight times a year, compared with five visits by the general population. They are hospitalized over three times as often as the younger population, stay **50** percent longer, and use twice as many prescription drugs.¹⁵

Health care utilization is greatest in the last year of life and among those age 80+. According to the recent work of Lawrence Branch at Harvard Medical School, those 85+ have a three-fold greater risk of losing their independence, seven times the chance of entering a nursing home, and two-and-a-half times the risk of dying, compared with people 65 to 74 years of age.¹⁶

HOSPITAL USE

The use of hospitals by older people, as measured by the number and rate of hospital discharges, rose steadily between 1965 and 1983. However, the number of discharges declined between 1983 and 1988 by 10 percent: over the same period, the discharge rate declined by 19 percent. The discharge rate in 1988 was still 35 percent higher than in 1965. By yet another measure-average length of stay-hospital use by the elderly has been declining until recently. This indicator fell from 14.2 days per stay in 1968, to 8.5 days in 1986, then rose to 8.9 days in 1988 (table 4-6 and chart 4-8).

¹⁵National Center for Health Statistics. "National Hospital Discharge Survey: Annual Summary, 1987." **Vital and Health Statistics** Series 13, No. 99 (April 1989), and "Family Use of Health Care, United States, 1980." **National Medical Care Utilization and Expenditure Survey** Series B, Descriptive Report #10, DHHS Pub. No. 87-20210, Washington: Department of Health and Human Services, February 1987.

¹⁶Beth Soldo and Kenneth Manton. "Dynamics of Health Changes in Oldest Old: New Perspectives and Evidence." **Milbank Memorial Fund Quarterly** Vol. 63, No. 20 (Spring 1985).

Table 4-6
TRENDS IN HOSPITAL USAGE BY PEOPLE 65+:
1965-1 988

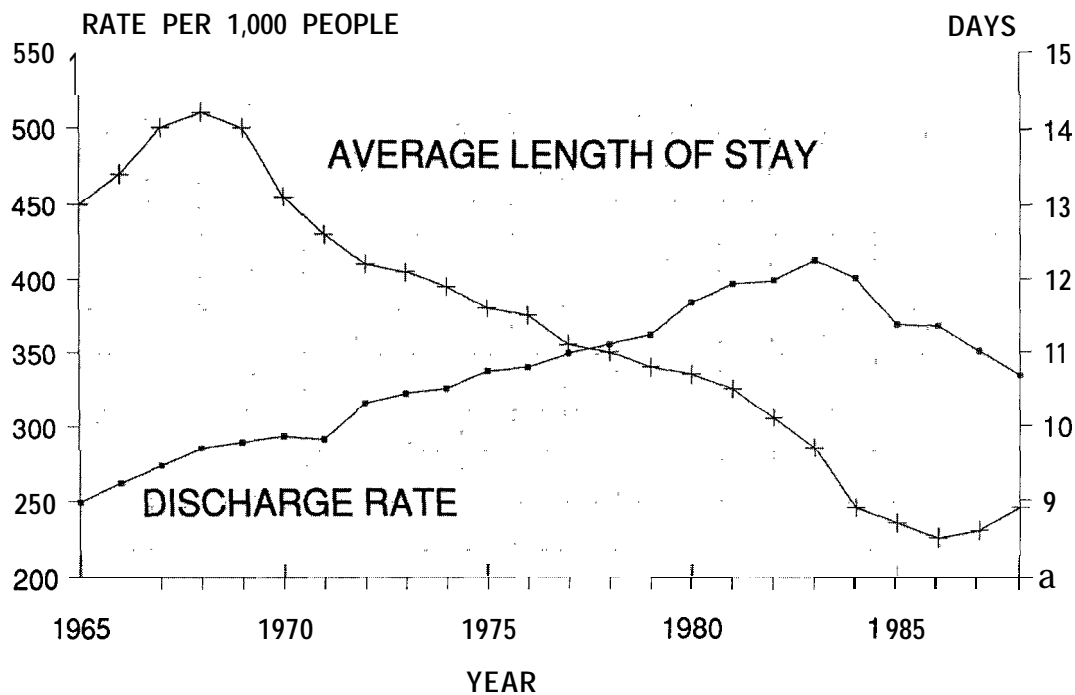
Year	Number of discharges (in thousands)	Discharge rate (discharges per 1,000 people)	Average length of stay per discharge (in days)
1988	10,146	334.1	8.9
1987	10,459	350.5	8.6
1986	10,716	367.3	8.5
1985	10,508	368.2	8.7
1984	11,226	401.3	8.9
1983	11,302	412.1	9.7
1982	10,697	398.8	10.1
1981	10,408	396.7	10.5
1980	9,864	383.8	10.7
1979	9,086	361.5	10.8
1978	8,708	355.4	11.0
1977	8,344	349.2	11.1
1976	7,912	339.9	11.5
1975	7,654	337.3	11.6
1974	7,185	325.7	11.9
1973	6,937	322.3	12.1
1972	6,634	315.6	12.2
1971	5,986	291.1	12.6
1970	5,897	293.3	12.6
1969	5,694	289.3	14.0
1968	5,529	285.5	14.2
1967	5,210	273.2	14.1
1966	4,909	261.7	13.4
1965	4,602	248.2	13.1

SOURCES: National Center for Health Statistics. "Trends in Hospital Utilization: United States, 1965-1986." *Vital and Health Statistics Series 13*, No. 101 (September 1989).

National Center for Health Statistics. "National Hospital Discharge Survey: Annual Summary, 1987." *Vital and Health Statistics Series 13*, No. 99 (April 1989).

National Center for Health Statistics. "1988 Summary: National Hospital Discharge Survey." *Advance Data No. 185* (June 19, 1990).

Chart 4-8
TRENDS IN HOSPITAL USAGE BY PEOPLE 65+:
1965-1988



SOURCES: National Center for Health Statistics. "Trends in Hospital Utilization: United States, 1965-1986." *Vital and Health Statistics* Series 13, No. 101 (September 1989).

National Center for Health Statistics. "National Hospital Discharge Survey: Annual Summary, 1987." *Vital and Health Statistics* Series 13, No. 99 (April 1989).

National Center for Health Statistics. "1988 Summary: National Hospital Discharge Survey." *Advance Data* No. 185 (June 19, 1990).

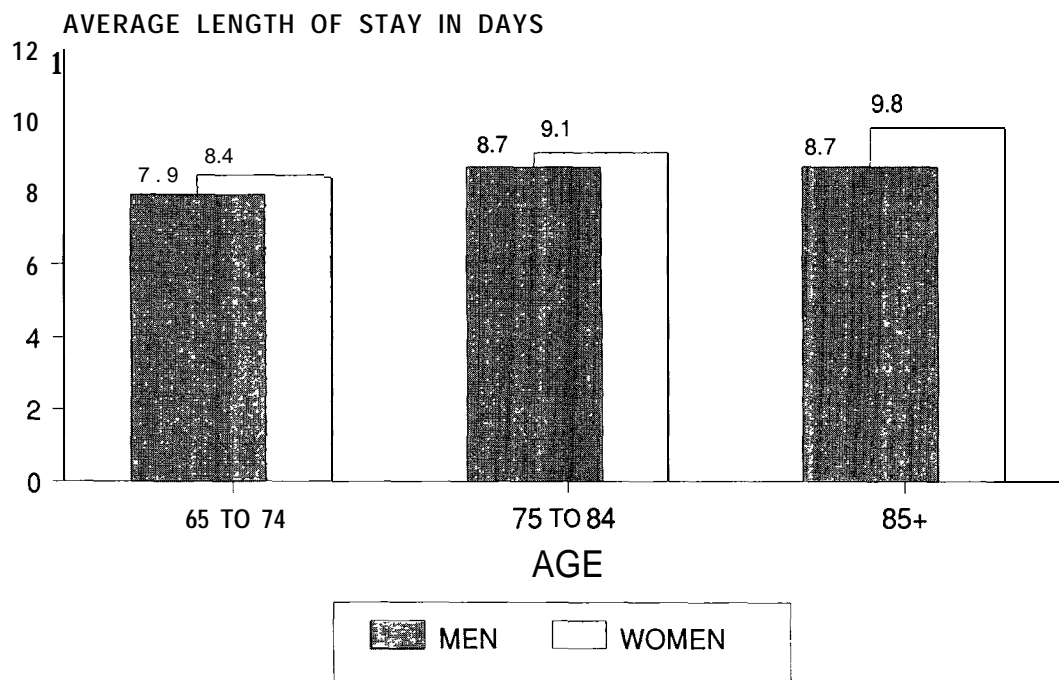
In 1987, the hospital discharge rate (number of discharges per 1,000 population) for those 85+ was 90 percent -higher than that for people 65 to 74 years old. The average hospital stay for people age 65 to 74 was 8.2 days in 1987, compared with 9.5 days for the 85+ group (table 4-7 and chart 4-9).

Table 4-7
UTILIZATION OF SHORT-STAY HOSPITALS FOR SELECTED AGE GROUPS: 1987

Age group	Discharged patients			Days of care			Average length of stay
	Number in thousands	Percent distribution	Rate per thousand	Number in thousands	Percent distribution	Rate per thousand	
All ages	33,387	100.0	138.2	214,942	100.0	889.4	6.4
45 to 64.....	7,099	21.3	156.9	48,360	22.5	1,068.6	6.8
65 to 74.....	4,963	14.9	280.9	40,534	18.9	2,294.4	a.2
75 to a4.....	3,968	11.9	426.6	35,403	16.5	3,806.3	a.9
85+.....	1,528	4.6	532.9	14,459	6.7	5,043.4	9.5
65+.....	10,459	31.3	350.5	90,397	42.1	3,029.9	8.6

SOURCE: National Center for Health Statistics. "National Hospital Discharge Survey: Annual Summary, 1987." *Vital and Health Statistics* Series 13, No. 99, (April 1989).

Chart 4-9
DURATION OF STAY BY THE ELDERLY IN SHORT-STAY NONFEDERAL HOSPITALS BY AGE: 1987



SOURCE: National Center for Health Statistics. "National Hospital Discharge Survey: Annual Summary, 1987." *Vital and Health Statistics* Series 13, No. 99 (April 1989).

In 1987, people over age 65, who represented 12 percent of the population, accounted for 31 percent of all hospital discharges and 42 percent of all short-stay hospital days of care. The population age 75+ and over-only 5 percent of the population-accounted for 16 percent of hospital discharges and 23 percent of all hospital days.¹⁷

Most hospital admissions of older people are for acute episodes of a chronic condition. The most common major category of principal or "first-listed" diagnosis for the 10.5 million discharges of elderly patients in 1987 was diseases of the circulatory system (32 percent), including heart disease (21 percent) (table 4-8). Digestive diseases (12 percent); respiratory diseases (10 percent), including pneumonia (4 percent); and neoplasms (10 percent) also accounted for substantial numbers of hospital stays. There were about four diagnoses for each discharge of an elderly patient, compared with only 2.6 diagnoses per younger patient.

Table 4-8
HOSPITAL DISCHARGES OF PEOPLE 65+ BY FIRST LISTED
AND ALL LISTED DIAGNOSTIC CATEGORIES: 1987

Major diagnostic category and selected sub-categories	First listed diagnosis			All listed diagnoses	
	Number (thousands)	Percent distribution	Average length of stay (days)	Number (thousands)	Percent distribution
All conditions	10,459	100.0	8.6	43,230	100.0
Infectious and parasitic diseases.....	172	1.6	11.2	1,046	2.4
Neoplasms	1,040	9.9	9.3	2,320	5.4
Malignant neoplasms	953	9.1	9.4	2,072	4.8
Endocrine, nutritional, and metabolic diseases, and immunity disorders	456	4.4	9.0	3,837	8.9
Diabetes mellitus.....	166	1.6	9.4	1,547	3.6
Diseases of the blood and blood-forming organs.....	125	1.2	7.6	1,153	2.7
Mental disorders	263	2.5	13.0	1,344	3.1
Diseases of nervous system and sense organs	303	2.9	6.9	1,558	3.6
Diseases of circulatory system	3,347	32.0	8.2	13,827	32.0
Heart disease.....	2,240	21.4	7.5	9,021	20.9
Cerebrovascular disease	665	6.4	10.1	1,484	3.4
Diseases of respiratory system.....	1,092	10.4	9.1	3,576	8.3
Pneumonia, all forms	445	4.3	10.0	751	1.7
Diseases of digestive system.....	1,270	12.1	8.0	3,486	8.1
Diseases of genitourinary system.....	733	7.0	7.0	2,852	6.6
Diseases of skin and subcutaneous tissue.....	152	1.5	11.2	517	1.2
Diseases of musculoskeletal system and connective tissue	554	5.3	9.1	2,086	4.8
Congenital anomalies	13	0.1	6.8	82	0.2
Symptoms, signs, and ill-defined conditions.....	65	0.6	4.6	2,176	5.0
Injury and poisoning	775	7.4	9.9	1,700	3.9
Fractures, all sites.....	404	3.9	11.8	564	1.3
Supplementary classifications.....	98	0.9	6.7	1,668	3.9

SOURCE: National Center for Health Statistics. "National Hospital Discharge Survey: Annual Summary, 1987." *Vital and Health Statistics* Series 13 No. 99 (April 1989).

¹⁷National Center for Health Statistics. "National Hospital Discharge Survey: Annual Summary, 1987." *Vital and Health Statistics* Series 13, No. 99 (April 1989).

PHYSICIAN SERVICES

Use of physician services by adults increases with age. In 1989, people age 45 to 64 averaged 6.1 doctor contacts a year, while people age 65 to 74 averaged 8.2 contacts, and those age 75+ averaged 9.9. Among adults, the likelihood of seeing a doctor at least once during a given year increases with age. About 73 percent of people 25 to 44 years of age reported seeing a doctor during the last year, compared with 86 percent of those age 65+ (table 4-9). Since the enactment of Medicare, the average number of physician contacts and the percentage of people 65+ reporting that they had seen a physician in the last year have increased significantly, particularly for people with low incomes.¹⁸

Table 4-9
NUMBER OF PHYSICIAN CONTACTS AND INTERVAL
SINCE LAST PHYSICIAN CONTACT, BY AGE: 1989

Age groups	Contacts			Percent distribution of people by interval since last contact			
	Number (thousands)	Percent distribution	Average number per person, per year	Less than 1 year	1 to less than 2 years	2 to less than 5 years	5 years or more
All ages	1,322,890	100.0	5.4	77.4	10.2	8.7	3.8
Under 5 years	126,309	9.5	6.7	93.3	5.0	1.2	0.4
5 to 17 years.. ..	157,698	11.9	3.5	76.3	13.4	8.1	2.3
18 to 24 years	98,233	7.4	3.9	72.2	13.0	11.2	3.6
25 to 44 years	398,368	30.1	5.1	72.8	11.3	11.2	4.7
45 to 64 years	283,351	21.4	6.1	76.5	9.2	9.0	5.3
65 to 74 years	145,949	11.0	8.2	85.1	5.3	5.6	4.0
75+	112,982	8.5	9.9	89.1	4.0	4.0	2.9
65+	258,931	19.6	8.9	85.9	4.7	4.9	3.5

SOURCE: National Center for Health Statistics. "Current Estimates from the National Health Interview Survey, 1989." *Vital and Health Statistics Series 10*, No. 176 (October 1990).

NOTE: Data include office visits, telephone consultations, hospital contacts (including emergency room and outpatient visits but excluding inpatient visits), and other modes of contact. Data exclude people in institutions.

¹⁸National Center for Health Statistics. Health Interview Survey. Unpublished tabulations, 1983.

The aging of the population will create a greater demand for physician care (table 4-10). According to projections based on 1989 physician contact rates and projections of the noninstitutionalized elderly population, the demand for physician contacts will increase by 22 percent (from 259 million to 296 million contacts) by the year 2000, and by 115 percent (to 556 million visits) by 2030.

The disparity between the elderly and nonelderly populations in the use of physician services is not as great as the disparity for other forms of health care. In 1989, people 65+ represented 12 percent of the noninstitutionalized population and accounted for 20 percent of physician contacts.

Table 4-10
PROJECTED PHYSICIAN VISITS AND PERCENT CHANGE IN VISITS
FOR YEARS 2000 AND 2030
(number of people and visits in thousands)

Year	Age		
	65+	65 to 74	75+
2000			
Noninstitutionalized population.. .. .	34,882	18,243	16,639
Total physician contacts	295,613	147,480	148,133
% change in contacts, 1989-2000	14.2	1.0	31.1
2030			
Noninstitutionalized population.. .. .	65,604	35,988	29,616
Total physician contacts	555,717	290,932	264,785
% change in contacts, 1989-2030	114.6	99.3	134.4

SOURCE: U.S. Administration on Aging. Unpublished projections based on physician visit rates from the 1989 National Health Interview Survey and population projections from the U.S. Bureau of the Census.

OTHER HEALTH SERVICES

The older population had higher rates of use than people under age 65 for professional dental care, prescription drugs, vision aids, and medical equipment and supplies. For example, among Americans who had at least one dental visit in 1987, people age 65+ had an average of 3.2 visits a year, compared with 2.8 visits for people under age 65. Elderly Medicare beneficiaries purchased an average of 15.1 prescriptions in 1987, compared with 3.8 prescriptions for the population under age 65.¹⁹ In 1988, Americans age 65+ accounted for 12.4 percent of the population of the United States, yet represented over 34 percent of the \$26.5 billion spent for outpatient prescription drugs. The average price of an outpatient prescription drug for an elderly person was \$16131 in 1988, up from \$6.20 in 1980, an increase of 163 percent and a heavy financial burden for many elderly people who do not have Medicaid or some form of private drug coverage insurance.²⁰ Furthermore, 93 percent of older people had corrective lenses (eyeglasses or contact lenses), and 41 percent had one or more eye-care visits in 1979. Comparable figures for the under-65 population were 46 percent and 31 percent, respectively.²¹

Medicare's home health benefit expenditures are one of the fastest growing components of the Medicare program. In 1989, Medicare's Hospital Insurance paid \$2.1 billion for home health care for people 65+, up from only \$437 million in 1980.²²

¹⁹Unpublished estimates from the Agency for Health Care Policy and Research. Estimates based on the 1987 National Medical Expenditure Survey.

²⁰S. Schondelmeyer, and J. Thomas, "Trends in Retail Prescription Drug Expenditures." *Health Affairs* (Fall 1990).

²¹National Center for Health Statistics. "Eye Care Visits and Use of Eyeglasses or Contact Lenses, United States, 1979 and 1980." *Vital and Health Statistics Series 10*, No. 145, DHHS Pub. No. (PHS)84-1573, Washington: Department of Health and Human Services, February 1984.

²²U.S. Social Security Administration. Quarterly Tables. *Social Security Bulletin* Vol. 53, No. 9 (September 1990), and "Annual Statistical Supplement, 1989." *Social Security Bulletin* (December 1989).

HEALTH INSURANCE COVERAGE

MOST OLDER PEOPLE HAVE PRIVATE HEALTH INSURANCE IN ADDITION TO MEDICARE COVERAGE

One of the most important pieces of legislation for older people in recent decades is Title XVIII of the Social Security Act, also known as “Health Insurance for the Aged” or the Medicare program. Enacted in 1965 and effective on July 1, 1966, the Medicare program provides near universal health insurance coverage for older people (in 1989, only 5.2 percent of people 65+ were not covered by Medicare).

In addition to Medicare coverage, many older people are also covered under private health insurance which is available through their current or former employers or has been purchased independently (the latter is frequently known as “Medigap”). Nearly three-fourths (74 percent) of older people have some form of private insurance in addition to Medicare (table 4-11). This figure rose by 9 percentage points between 1980 and 1989. Older blacks were only half as likely (39 percent) to have private insurance coverage as a supplement to Medicare than their white counterparts (77 percent).

The Medicaid program, enacted in 1965 as Title XIX of the Social Security Act, provides health insurance coverage for certain individuals and families with low incomes. Medicaid is the primary source of public payment for nursing home care (see section on Health Care Expenditures below). Among older people living in the community in 1989, 6 percent were enrolled in the Medicaid program as well as Medicare. Older blacks (17 percent) were far more likely to be enrolled in Medicaid than older whites (5 percent).

Less than 1 percent of those over 65 lack health insurance for acute care conditions, however, the vast majority of elderly lack public or private insurance coverage for long-term care.

Table 4-11
HEALTH CARE COVERAGE FOR PEOPLE 65+,
ACCORDING TO TYPE OF COVERAGE
AND SELECTED CHARACTERISTICS: 1980, 1984, and 1989

Characteristic	Medicare and private insurance			Medicare and Medicaid ¹			Medicare only ²		
	1980	1984	1989	1980	1984	1989	1980	1984	1989
Percent of population									
Total ⁴	64.4	70.9	73.5	8.1	5.4	5.7	22.7	20.0	16.8
Age									
65 to 74 years	67.0	73.3	74.2	6.8	4.5	5.0	20.6	17.7	15.5
75+	59.9	66.8	72.3	10.3	7.0	6.8	26.4	24.1	19.0
75 to 84 years . . .	61.9	69.2	74.1	9.7	6.5	6.4	24.8	22.0	17.4
85+	51.2	56.2	64.8	12.7	9.3	8.5	33.0	33.4	26.1
Sex³									
Men	65.6	71.6	73.9	5.7	3.3	4.0	23.1	20.8	17.2
Women	63.6	70.5	73.4	9.6	6.9	6.8	22.4	19.4	16.4
Races									
White	68.3	74.4	77.3	6.6	4.0	4.5	21.0	18.5	14.7
Black	26.5	38.1	39.3	23.3	19.9	16.5	40.6	35.4	37.9

SOURCE: Table excerpted from: National Center for Health Statistics. *Health, United States, 1990*. U.S. Department of Health and Human Services, Pub. No. (PHS)91-1232, March 1991.

NOTES: People with Medicare, private insurance, and Medicaid appear in both columns. Denominators for 1980 include people with unknown health insurance (less than 1 percent). In 1989, 5.2 percent of all people 65+ had no Medicare but only 0.9 percent were without health insurance.

¹ Includes people receiving Aid to Families with Dependent Children or Supplemental Security Income, or those with current Medicaid cards.

² Includes people not covered by private insurance or Medicaid and a small proportion of people with other types of coverage, such as CHAMPUS or public assistance.

³ Age adjusted.

⁴ Age adjusted. Includes all other races not shown separately.

HEALTH CARE EXPENDITURES

PEOPLE 65+ ACCOUNT FOR ALMOST ONE-THIRD OF ALL PERSONAL HEALTH CARE EXPENDITURES

People 65+ (12 percent of the population) account for over one-third of the country's total personal health care expenditures (from all sources exclusive of research).²³ Per capita spending for health care for the elderly reached \$5,360 in 1987, representing a 14 percent average annual growth rate from 1977. Of this total, the elderly paid more than one-third (37.4 percent) through direct payments to providers or indirectly through premiums for insurance. In 1987, the estimated cost of personal health care for the elderly was \$162 billion (tables 4-12 to 4-15).

Table 4-12
PERCENT DISTRIBUTION OF PERSONAL HEALTH CARE EXPENDITURES,
BY SOURCE OF FUNDS FOR PEOPLE 65+, BY TYPE OF SERVICE; 1987

Source of funds	Type of service				
	Total care	Hospital	Physician	Nursing home	Other care
Total spending.....	100.0	100.0	100.0	100.0	100.0
Private	37.4	14.8	35.5	58.4	70.0
Public	62.6	85.2	64.5	41.6	30.0
Medicare	44.6	69.7	60.6	1.7	14.7
Medicaid	12.0	4.9	1.5	36.4	13.3
Other	6.0	10.6	2.4	3.5	2.0

SOURCE: Daniel R. Waldo, Sally T. Sonnefeld, David R. McKusick, and Ross H. Arnett, III, "Health Expenditures by Age Group, 1977 and 1987." *Health Care financing Review* Vol. 10, No. 4 (Summer 1989).

²³ Daniel R. Waldo, Sally T. Sonnefeld, David R. McKusick, and Ross H. Arnett, III, "Health Expenditures by Age Group, 1977 and 1987." *Health Care Financing Review* Vol. 10, No. 4 (Summer 1989).

Table 4-13
PERCENT DISTRIBUTION OF PERSONAL HEALTH CARE EXPENDITURES, BY TYPE OF SERVICE FOR PEOPLE 65+, BY SOURCE OF FUNDS: 1987

Source of funds	Total	Type of service			
		Hospital	Physician	Nursing home	Other care
Total spending	100.0	41.9	20.7	20.2	17.2
Private	100.0	16.6	19.6	31.6	32.2
Public	100.0	57.1	21.3	13.5	8.2
Medicare	100.0	65.5	28.1	0.8	5.6
Medicaid	100.0	17.1	2.6	61.2	19.1
Other	100.0	75.5	8.2	11.2	5.1

SOURCE: Daniel Ft. Waldo, Sally T. Sonnefeld, David R. McKusick, and Ross H. Arnett, III. "Health Expenditures by Age Group, 1977 and 1987." *Health Care Financing Review* Vol. 10, No. 4 (Summer 1989).

NOTE: May exceed 100 percent due to rounding.

Table 4-14
AGGREGATE PERSONAL HEALTH CARE EXPENDITURES FOR PEOPLE 65+, BY TYPE OF SERVICE AND SOURCE OF FUNDS: 1987
(in billions of dollars)

Source of funds	Total	Type of service			
		Hospital	Physician	Nursing home	Other care
Total spending	\$162.0	\$67.9	\$33.5	\$32.8	\$27.8
Private	60.6	10.1	11.9	19.2	19.5
Public	101.5	57.9	21.6	13.6	8.3
Medicare	72.2	47.3	20.3	0.6	4.1
Medicaid	19.5	3.3	0.5	11.9	3.7
Other	9.8	7.4	0.8	1.1	0.5

SOURCE: Daniel R. Waldo, Sally T. Sonnefeld, David R. McKusick, and Ross H. Arnett, III. "Health Expenditures by Age Group, 1977 and 1987." *Health Care Financing Review* Vol. 10, No. 4 (Summer 1989).

NOTE: Combined subtotals may not equal totals due to rounding.

Table 4-15
PER-CAPITA PERSONAL HEALTH CARE EXPENDITURES
FOR PEOPLE 65+, BY SOURCE AND SERVICE: 1967

Type of Service:	Amount
Hospital.....	\$ 2,248
Physician	1,107
Nursing home	1,085
Other personal health care.....	920
Total per capita.....	5,360
Source of Funds:	
Private:	
Out-of-pocket.....	1,540*
Insurance.....	440*
Other private.....	24*
Total private.....	2,004
Public:	
Medicare.....	2,390
Medicaid	644
Other.....	322
Total public	3,356

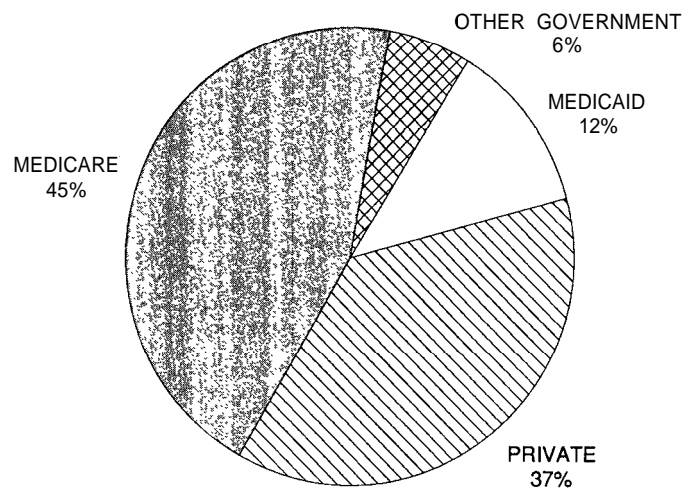
SOURCES: Daniel Ft. Waldo, Sally T. Sonnefeld, David R. McKusick and Ross H. Arnett, III, "Health Expenditures by Age Group, 1977 and 1987." *Health Care financing Review* Vol. 10, No. 4, (Summer 1989).

Daniel R. Waldo and Helen C. Lazenby. "Demographic Characteristics and Health Care Use and Expenditures by the Aged in the United States: 1977-i 984." *Health Care Financing Review* Vol. 6, No. 1 (Fall 1984).

*These figures are not available from the *1987 National Health Expenditures*. Estimates are based on the percent distribution of 1984 personal health care expenditures per capita for people 65+ as applied to 1987 expenditure data.

Private sources such as employer-paid insurance are the major source of health care payments for people under age 65. However, public funds are the major source for people 65+ (chart 4-10) . In 1987, total public sector spending for the elderly's health care reached an estimated \$102 billion.

Chart 4-10
**PERSONAL HEALTH CARE EXPENDITURES FOR
THE ELDERLY, BY SOURCE OF PAYMENT: 1987**

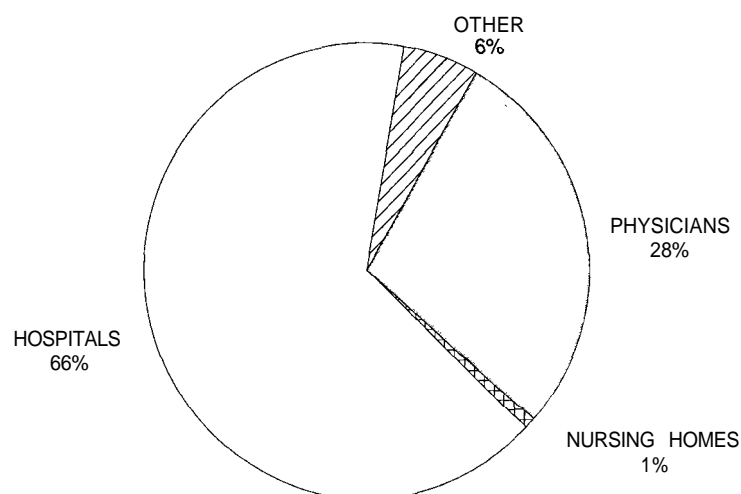


SOURCE: Daniel R. Waldo, Sally T. Sonnefeld, David R. McKusick, and Ross H. Arnett, III. "Health Expenditures by Age Group, 1977 and 1987." *Health Care Financing Review* Vol. 10, No. 4 (Summer 1989).

MEDICARE

In 1987, Medicare covered 45 percent of all personal health care expenditures for the elderly. Medicare's role primarily involves financing of acute care services (chart 4-11). It financed two-thirds of all hospital care used by the elderly in 1987 for a total of \$47.3 billion (table 4-13). Medicare is also by far the largest payer for physician services. In 1987, Medicare paid 61 percent of physician costs for the elderly—totalling \$20.3 billion. Medicare paid 1 percent of the elderly's nursing home costs in 1987.

Chart 4-11
WHERE THE MEDICARE DOLLAR FOR THE
ELDERLY GDES: 1987



SOURCE: Daniel R. Waldo, Sally T. Sonnefeld, David R. McKusick, and Ross H. Arnett, III. "Health Expenditures by Age Group, 1977 and 1987." *Health Care Financing Review* Vol. 10, No. 4 (Summer 1989).

NOTE: Total exceeds 100 percent due to rounding.

MEDICAID

Medicaid (a federal-state program) pays about 12 percent of the personal health care expenditures for the elderly. Most of the Medicaid payments for the elderly are for the small portion of the population that uses long-term care. Financing of nursing home care accounted for more than two-thirds, or \$12.8 billion, of total Medicaid spending for the elderly in 1989 (chart 4-12). In fact, Medicaid is the principal source of public financing for nursing home care. The program paid a total of \$20.7 billion (43 percent) of all nursing home expenditures in 1989.²⁴

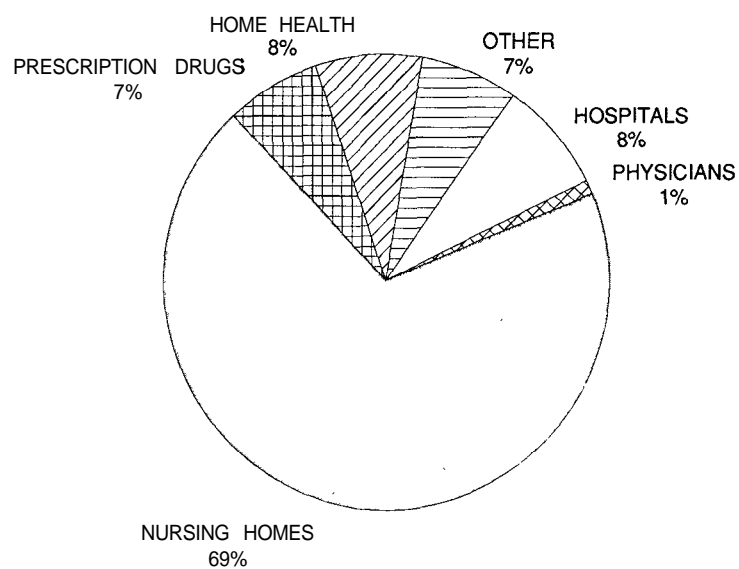
Medicaid is also a primary source of prescription drug coverage for a significant portion of the poor elderly population. In 1989, Medicaid spent \$1.3 billion on prescription drugs for 2.5 million elderly Medicaid recipients in the United States. While the prescription drug component constituted only 7 percent of Medicaid spending for the elderly in FY 1989, increases in program expenditures for drugs have outpaced increases for most other Medicaid services in the past few years. Overall Medicaid drug expenditures are expected to approach \$5 billion in the early 1990s. Congress enacted a program in 1990 that is expected to control the growth rate of Medicaid's expenditures in this important program by lowering Medicaid's cost of buying drugs.

Although home health services still account for a relatively small share (7.8 percent) of Medicaid expenditures for the elderly, it is the most rapidly growing category of expenses. Medicaid spending for home health care of the elderly grew 32.9 percent annually between 1975 and 1989, compared with a 10.9 percent increase on overall Medicaid spending for the elderly. Looked at another way, home health care expenditures increased more than 10-fold during this time period.²⁵

²⁴Helen C. Lazenby and Suzanne W. Letsch. "National Health Expenditures, 1989." *Health Care Financing Review* Vol. 12, No. 2 (Winter 1990).

²⁵Thomas W. Reilly, Steven B. Clauser, and David K. Baugh. "Trends in Medicaid Payments and Utilization, 1975-1989." *Health Care Financing Review* (1990 Annual Supplement).

Chart 4-12
WHERE THE MEDICAID DOLLAR FOR THE
ELDERLY GOES: 1989



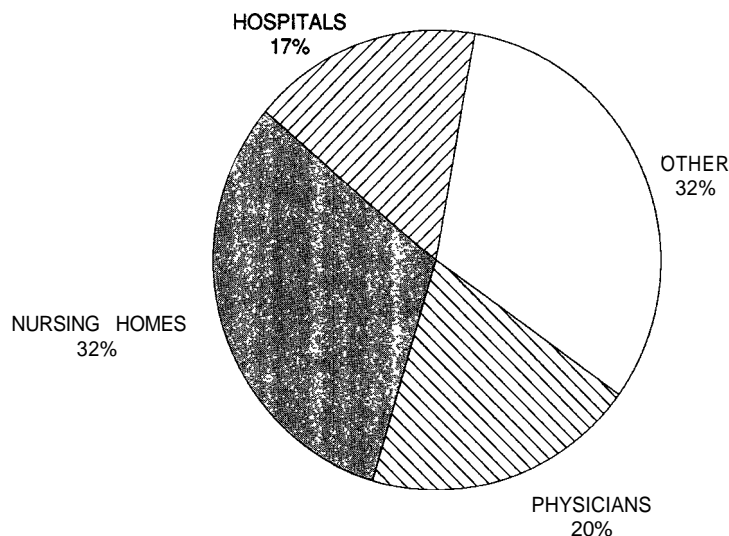
SOURCE: Thomas W. Reilly, Steven B. Clauser, and David K. Baugh. "Trends in Medicaid Payments and Utilization, 1975-1989." *Health Care Financing Review* (1990 Annual Supplement).

PRIVATE SPENDING

Private spending for health care not covered by government sources includes: medigap insurance that the elderly purchase or that employers provide as a retirement benefit; insurance provided by employers for elderly workers; and out-of-pocket spending by or in behalf of the elderly. Average private spending for the elderly amounted to \$2,004 per capita in 1987.

Even with the substantial contribution of public funds, the elderly bear a considerable financial burden for health care out of their own pockets. Direct out-of-pocket health care expenses for the elderly are estimated to have averaged \$1,540 per person in 1987. This excludes premium payments for Medicare Part B. Other per-capita private costs included \$440 by insurance companies and \$24 by other private sources in 1987. The elderly's private spending for health care goes to a variety of providers with nursing homes accounting for almost a third of private expenditures (chart 4-13).

Chart 4-13
WHERE THE PRIVATE HEALTH CARE DOLLAR
FOR THE ELDERLY GOES: 1987



SOURCE: Daniel R. Waldo, Sally T. Sonnefeld, David R. McKusick, and Ross H. Arnett, III. "Health Expenditures by Age Group, 1977 and 1987." *Health Care Financing Review* Vol. 10, No. 4 (Summer 1989).

NOTE: Total exceeds 100 percent due to rounding.

Studies continue to find that spending on prescription drugs constitutes a substantial out-of-pocket cost for elderly patients, as many have very limited or no coverage for drugs. For example, data from the 1987 National Medical Expenditure Survey show that 69 percent of noninstitutionalized elderly Medicare beneficiaries paid more than half of all prescription drug costs out of pocket; 56 percent paid out of pocket for more than 90 percent of their drug costs. Annual drug prescription expenditures (including payments from all sources) totalled more than \$300 each for almost 8.7 million elderly beneficiaries (**31.6** percent) and more than \$700 for about 2.8 million (10.2 percent).²⁶

OTHER FUNDING SOURCES

The costs of health care for the elderly not met by Medicare, Medicaid, and out-of-pocket expenditures are funded by private insurance, foundations, and other government sources such as the Veterans Administration, Department of Defense, Indian Health Service, states, and counties.

²⁶National Medical Expenditure Survey, 1987. Unpublished data.

HEALTH INSURANCE COVERAGE FOR LOW-INCOME ELDERLY²⁷

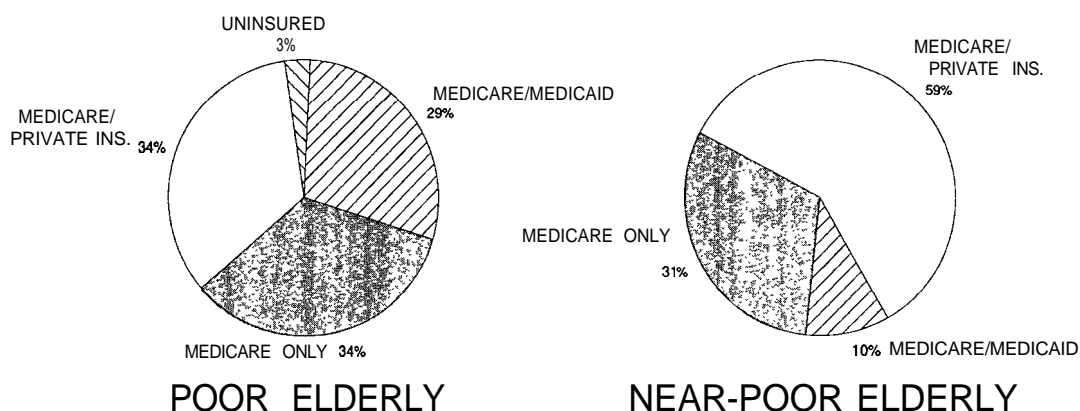
MOST POOR OR NEAR-POOR ELDERLY ARE NOT COVERED BY MEDICAID

Twelve percent (3.5 million people) of the elderly population are poor with incomes below the poverty level. (The poverty level in 1990 is \$6,280 for individuals and \$8,420 for couples). An additional 28 percent (8.2 million people) are near-poor with incomes between 100 and 199 percent of the poverty level. Women, those of advanced age, and minorities are more likely to be poor or near-poor.

Most low-income older people depend primarily on Medicare for their health insurance coverage. However, 3 percent of the elderly population with incomes below the poverty level are uninsured. In addition, about one-third of low-income older people rely solely on Medicare for their health insurance coverage (chart 4-14). The uninsured, as well as those without Medicaid or supplemental coverage, are the most vulnerable to high out-of-pocket medical costs. Although Medicaid was designed to cover the poor and medically indigent, and to reduce the financial burden of out-of-pocket medical costs, only one-third of poor elderly people are protected by Medicaid. Further, only 10 percent of the near-poor (those with incomes between roughly \$6,000 and \$12,000 per year) have Medicaid coverage.

Chart 4-14

HEALTH INSURANCE COVERAGE FOR LOW-INCOME PEOPLE AGE 65+: 1989



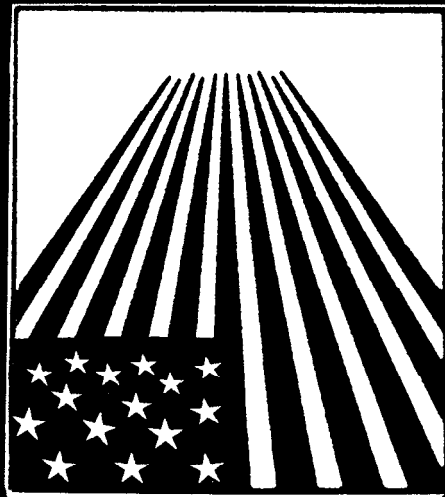
SOURCE: Diane Rowland. "Fewer Resources, Greater Burdens: Medical Care Coverage for Low-Income Elderly People." *Bipartisan Commission on Comprehensive Health Care* (May 10, 1990).

NOTE: Low-income elderly refers to people age 65+ with incomes below 200% of poverty.

²⁷The following discussion is from: Diane Rowland. "Fewer Resources, Greater Burdens: Medical Care Coverage for Low-Income Elderly People." Report prepared for the Bipartisan Commission on Comprehensive Health Care (The Pepper Commission) [May 10, 1990]. Income distributions and poverty levels are estimated for 1990 and do not agree precisely with similar data in Chapter 2. Definitions of "low-income" and "near-poor" are unique to this source.

Chapter 5

Long-Term Care



Long-Term Care

Unprecedented numbers of Americans are living to old age. As a result, the nation faces important decisions about the care of vulnerable and frail older people. In 1988, approximately 6.9 million older people needed long-term care. By the year 2000, the number will have increased to almost 9 million. By the year 2040, the aging of the baby boom generation is projected to increase the number of people who need long-term care to 18 million.

This chapter focuses on functionally impaired older people because of their likely use of long-term care services and their increased risk of institutionalization. It describes their health, functional status, and their social and economic characteristics.

LONG-TERM CARE POPULATION

Older people have a relatively high prevalence of chronic illness, which may lead to disability and functional impairment. Although many older people report at least one chronic health condition, their disabilities range from minimal problems to total dependence. They also tend to have more limitations in activities of daily living (ADLs). These limitations may restrict their ability to walk, bathe, leave the house, transfer from a bed or a chair, dress, get to and use the toilet, and eat. For this chapter, impairment is defined as difficulty with at least one of five ADLs: eating, bathing, dressing, transferring, and using the toilet.

In 1990, approximately 30 million people living in the community were age 65+, of whom 4.4 million experienced difficulties in one or more ADLs. Because women tend to live longer than men, they outnumber men in the older population. Of the 4.3 million impaired elderly, about 68 percent (2.9 million) were women and 32 percent (1.4 million) were men. Among people age 65+, women now outnumber men by a ratio of about 1.5 to 1. This disparity is not expected to change during the next few decades (table 5-1).

Table 5-1
DEMOGRAPHIC CHARACTERISTICS OF IMPAIRED* PEOPLE AGE 65+: 1990

	All people age 65+		Impaired people age 65+	
	Number (thousands)	Percent	Number (thousands)	Percent
Total	30,043	100	4,396	100
Men	12,469	42	1,408	32
Women	17,574	58	2,989	68

SOURCE: Lewin/ICF, unpublished data, 1990. Estimates based on data from 1984 *Survey on Aging (SOA)*, *Current Population Survey (CPS)*, and Brookings/ICF *Long-Term Care Financing Model*.

NOTE: Projections assume constant age, sex, and marital status rates of disability for people living in the community.

* Impaired older people are people age 65+ (living in the community) who have limitations in at least 1 of 5 activities of daily living.

About half (44 percent) of the population age 65-t living in the community lived with their spouses, while almost one-third (31 percent) lived alone. The remaining 25 percent lived with other people, both relatives and nonrelatives. In general, the trend toward independent living among older people is expected to continue in the future (table 5-2).

Table 5-2
LIVING ARRANGEMENTS OF IMPAIRED* PEOPLE AGE 65+: 1990

	All people age 65+		Impaired people age 65+	
	Number (thousands)	Percent	Number (thousands)	Percent
Total	30,043	100	4,396	100
Living arrangement				
Alone	9,172	31	1,458	33
With spouse	13,452	44	1,404	32
With spouse/ others	2,621	9	326	8
With relatives	4,087	14	1,014	23
With non- relatives	711	2	194	4

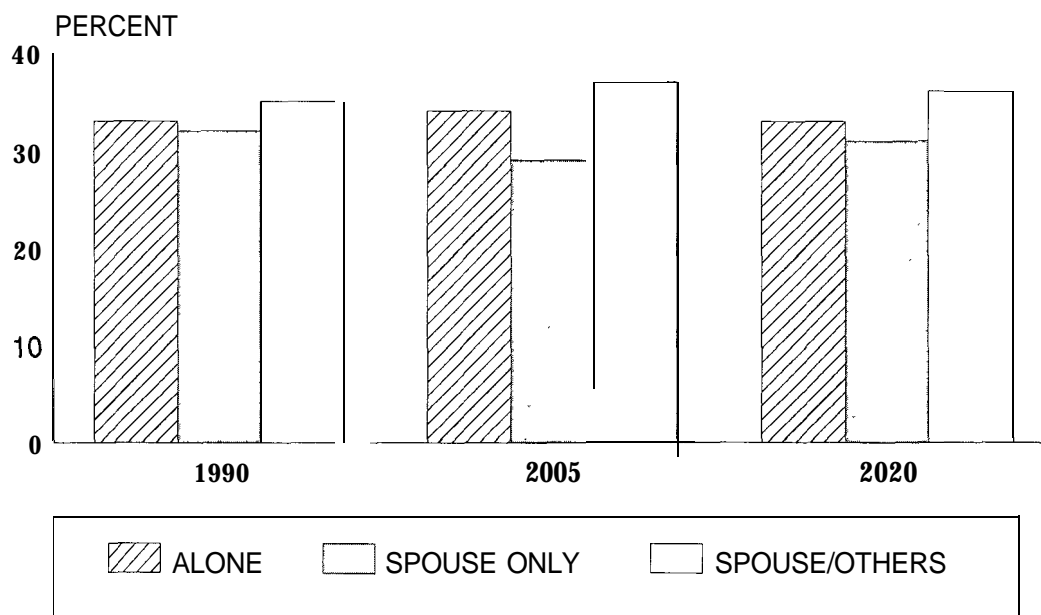
SOURCE: Lewin/ICF, unpublished data, 1990. Estimates based on data from 1984 Survey on *Aging (SOA)*, *Current Population Survey (CPS)*, and Brookings/ICF Long-Term *Care Financing Model*.

NOTE: Projections assume constant age, sex, and marital status rates of disability for people living in the community.

* Impaired older people are people age 65+ (living in the community) who have limitations in at least 1 of 5 activities of daily living.

For older people with ADL limitations in 1990, less than one-third (32 percent) lived with a spouse, about 35 percent lived with other people, and 33 percent lived alone. The last group includes people who are at greatest risk for institutionalization. The proportion of older people in each living arrangement is expected to remain constant over the next 30 years (chart 5-1).

Chart 5-1
LIVING ARRANGEMENTS OF IMPAIRED PEOPLE
AGE 65+: 1990-2020

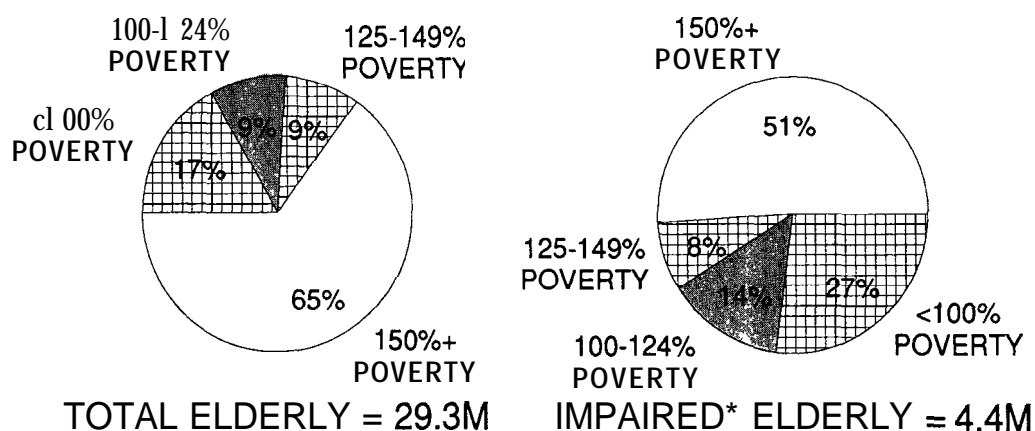


SOURCE: Lewin/ICF, unpublished data, 1990. Estimates based on 7984 SOA, CPS, and Brookings/ICF LTC Financing Model.

Impaired older people experienced higher rates of poverty than unimpaired elderly. In **1990**, about **27** percent of people with limitations in activities of daily living survived on incomes below the poverty level, compared with 17 percent of all older people. About half (49 percent) of the elderly with ADL limitations had no more than a modest income. Two factors, low income and serious health problems, limit the financial resources of impaired older people (chart 5-2).

The demand for long-term care is expected to increase with the growth in the elderly population. Because people prefer not to enter a nursing facility, formal and informal home care needs will increase. However, the number of older people in nursing homes will also increase. Several factors influence a person's need for long-term care, including health status, marital status, living arrangements, and income.

Chart 5-2
INCOME DISTRIBUTION OF PEOPLE AGE 65+ BY IMPAIRMENT STATUS: 1990

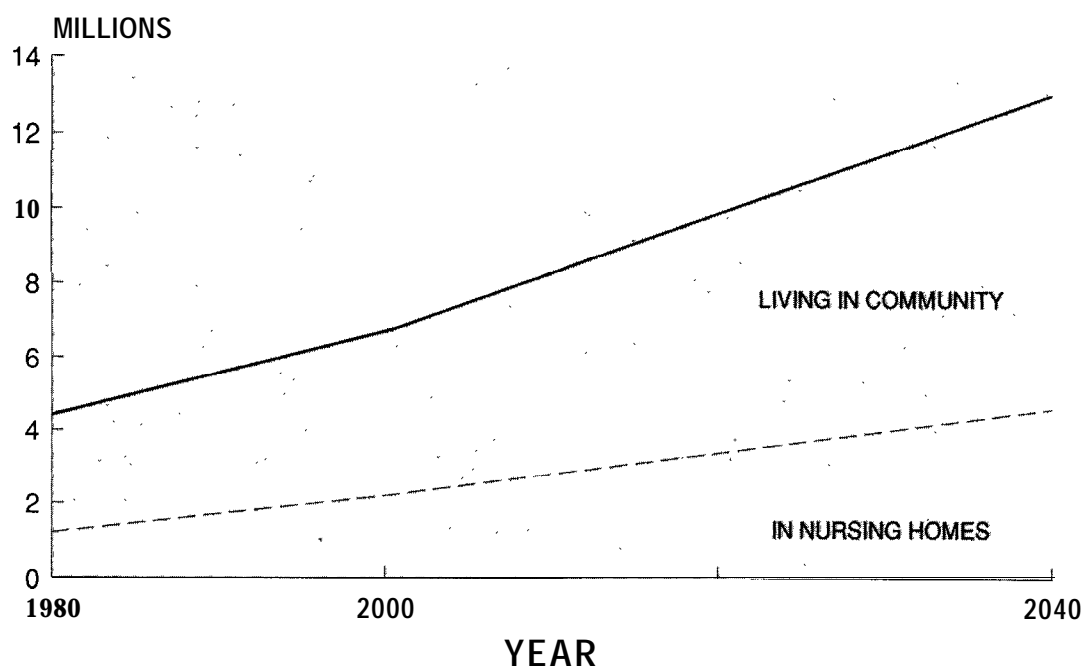


SOURCE: Lewin/ICF estimates based on 1984 SOA, CPS, Brookings/ICF LTC Financing Model.

NOTE: Impaired elderly—+ ADLs; <100% poverty—less than \$6,234 a year for a single person age 65+.

In 1990, approximately 7 million older people needed long-term care. By the year 2005, the number will increase to about 9 million. By the year 2020, 12 million older people will need long-term care at home, in the community, or in a nursing home (chart 5-3).

Chart 5-3
PEOPLE AGE 65+ IN NEED OF LONG-TERM CARE: 1980-2040



SOURCE: Manton and Soldo, "Dynamics of Health Changes in the Oldest Old: New Perspectives and Evidence," *Milbank Memorial Fund Quarterly* Vol. 63, No. 2, Spring 1985.

HEALTH AND FUNCTIONAL STATUS

Older people are diverse in health, functional status and the severity of health conditions, leading to different limitations in activities of daily living (ADLs). For example, one person with arthritis may be housebound while another person with the same medical diagnosis may experience only minor discomfort.

One measure of health status is an older person's ability to function independently in activities necessary to live, such as personal hygiene and moving about. Necessary activities of daily living include bathing, transferring from a bed or from a chair, dressing, getting to and using the toilet, and eating. Limitations in walking could be included in a list of ADLs, although they are less directly related to dependence on others to survive. Some older people have limitations only in home management activities inside and outside the house. These instrumental activities of daily living (IADLs) generally include the ability to use the telephone, manage money, go shopping, prepare meals, do light housework, and get around in the community.

The prevalence of ADL and IADL limitations is an important indicator of the quality of life and the need for long-term care in the older population. In 1987, there were 27.9 million people age 65+ living in the community and out of institutions. About 3.6 million (12.9 percent) of them had difficulty with one or more ADL tasks or with walking (table 5-3). Limitations in bathing (8.9 percent) and walking (7.7 percent) were the most frequently experienced difficulties. Limitations in access to, and use of the toilet, and difficulties with eating were reported less frequently (chart 5-4).

Table 5-3
FUNCTIONAL STATUS OF THE NONINSTITUTIONALIZED POPULATION AGE 65+: ESTIMATES OF PEOPLE WITH ADL AND MOBILITY DIFFICULTIES AS A PERCENT OF THE TOTAL U.S. POPULATION AGE 65+: 1987

Population characteristic	Total population or age 65+	Walking or at least one ADL ¹	Bathing	Bed/chair transfer	Dressing	Reaching/using toilet	Feeding	Walking
Population with ADL and walking difficulties								
Number (in thousands)	27,909	3,601	2,492	1,635	1,437	975	316	2,152
Percent		12.9	8.9	5.9	5.1	3.5	1.1	7.7
Percent of total population by level of difficulty and dependence								
Functioning without helps		1.8	0.9	1.4	0.6	0.2	0.13	0.6
Functioning with help ²								
Equipment only		2.9	1.1	1.1	0.13	0.9	0.03	3.6
Personal assistance only		3.5	4.5	1.7	4.1	0.9	0.6	0.6
Both		4.7	2.4	1.2	0.3	1.0	0.13	1.5
Unable to perform activity ² with or without help		N.A.	N.A.	0.5	N.A.	0.5	0.3	1.4
Percent of total population by duration of problem								
More than 3 months		11.7	0.8	5.1	4.5	3.0	0.9	6.8
More than 3 months and functioning without help		1.6	0.8	1.3	0.5	0.2	0.13	0.5

SOURCE: J. Leon and T. Lair. *Functional Status of the Noninstitutionalized Elderly: Estimates of ADL and IADL Difficulties*. DHHS Pub. No. (PHS)90-3462 (June 1990). National Medical Expenditure Survey Research Findings 4, Agency for Health Care Policy and Research, Rockville, MD: Public Health Service.

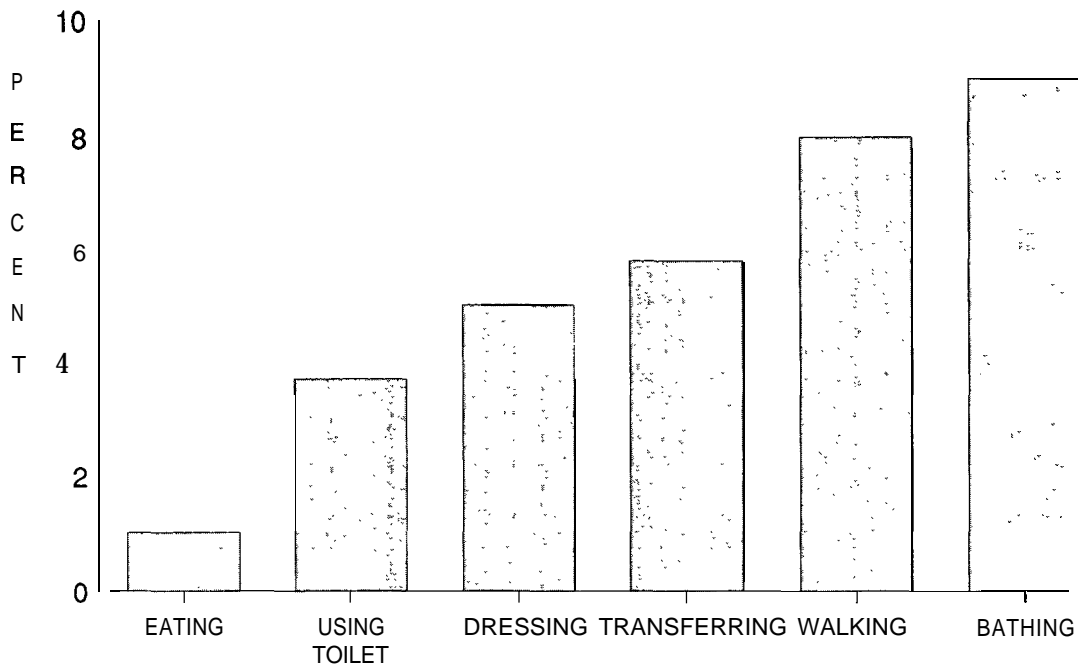
¹ People with more than one difficulty are assigned to the category representing the highest level of dependence.

² The levels indicate increasing dependence and are mutually exclusive.

³ Relative standard error is equal to or greater than 30 percent.

N.A. Question on total dependence for these items not collected since inappropriate.

Chart 5-4
PEOPLE AGE 65+ WITH ADL LIMITATIONS, BY TYPE OF LIMITATION: 1987



SOURCE: J. Leon and T. Lair. Functional Status of the *Noninstitutionalized Elderly: Estimates of ADL and IADL Difficulties*. DHHS Pub. No. (PHS)90-3462 (June 1990). *National Medical Expenditure Survey Research Findings 4*, Agency for Health Care Policy and Research, Rockville, MD: Public Health Service.

About 17.5 percent of people age 65+ experienced IADL limitations. The most frequently experienced IADL difficulties were limitations in the ability to get around in the community (13.5 percent) and to go shopping (11 percent). Approximately 16.4 percent of older people had difficulties that persisted for three months or longer.

Few people with IADL limitations managed without help. For the 17.5 percent of older people with one or more IADLs, two-fifths (6.8 percent) performed tasks with the help of other people. However, over half (9.4 percent) were unable to perform tasks even with the help of another person (table 5-4).

Table 5-4
FUNCTIONAL STATUS OF THE NONINSTITUTIONALIZED POPULATION AGE 65+: ESTIMATES OF PEOPLE WITH IADL DIFFICULTIES AS A PERCENT OF THE TOTAL U.S. POPULATION AGE 65+: 1987

Population characteristic	Total population age 65+	At least one IADL ¹	Use of telephone	Handling money	Shopping	Getting around the community	Preparing meals	Doing light house work
Population with IADL and walking difficulties								
Number (in thousands)	27,909	4,884	1,237	1,758	3,072	3,774	2,090	2,823
Percent		17.5	4.4	6.3	11.0	13.5	7.5	10.1
Percent of total population by level of difficulty and dependence								
Have difficulty but are functioning without help ²		1.3	1.1	0.3	0.3	0.6	0.5	0.8
Functioning with help ²		6.8	1.7	2.8	3.9	8.9	1.9	3.3
Unable to perform activity with or without help*		9.4	1.6	3.2	6.8	4.0	5.1	6.0
Percent of total population by duration of problem								
More than 3 months		16.4	4.1	5.9	10.2	12.5	6.7	9.0

SOURCE: J. Leon and T. Lair. *Functional Status of the Noninstitutionalized Elderly: Estimates of ADL and IADL Difficulties*. DHHS Pub. No. (PHS)90-3462 (June 1990). *National Medical Expenditure Survey Research Findings 4*, Agency for Health Care Policy and Research, Rockville, MD: Public Health Service.

¹ People with more than one difficulty are assigned to the category representing the highest level of dependence.

² The levels indicate increasing dependence and are mutually exclusive.

Older people experience additional problems with increasing age. Approximately 5.9 percent of people age 65 to 69 reported difficulties with at least one ADL. However, 34.5 percent of people age 85+ had such difficulties. For men age 65 to 69, 5 percent experienced limitations with one or more ADLs. About 26.3 percent of men age 85+ had such limitations. Similarly, 6.5 percent of women age 65 to 69 had one or more ADL limitations, while 38.4 percent of women age 85+ reported difficulties.

The proportion of older people with functional limitations was higher among blacks than among whites or Hispanics. For example, 26.3 percent of blacks had an ADL or IADL limitation, compared with 19.1 percent of white and 14.1 percent of Hispanic older people (table 5-5).

Table 5-5
ESTIMATES OF **ADL/IADL** DIFFICULTIES OF THE NONINSTITUTIONALIZED U.S. POPULATION AGE **65+**, BY
SELECTED DEMOGRAPHIC CHARACTERISTICS: 1987

Demographic characteristic	Population age 65+ (in thousands)	At least one ADL or IADL difficulty	At least one ADL difficulty	Number of ADL difficulties		
				1	2 or 3	4 or more
		Percent		Percent distribution		
Total ¹	27,909	19.5	11.4	5.2	3.8	2.4
All						
65 to 69..	9,361	9.9	5.9	2.4	2.1	1.3
70 to 74..	7,525	13.2	7.9	3.4	3.0	1.5
75 to 79..	5,389	19.9	11.5	6.2	3.3	2.0
80 to 84..	3,361	34.1	18.6	8.0	7.5	3.2
85+..	2,274	56.8	34.5	15.6	9.7	9.2
Men						
65 to 69..	4,097	8.0	5.0	1.7	1.8	1.4
70 to 74..	3,359	9.2	6.3	2.3	2.3	1.7
75 to 79..	2,167	15.5	8.7	4.2	2.72	1.8
80 to 84..	1,175	29.5	17.4	7.4	6.6	3.42
85+..	743	51.5	26.3	13.0	9.2	4.12
Women						
65 to 69..	5,264	11.3	6.5	2.9	2.4	1.3
70 to 74..	4,165	16.5	9.2	4.3	3.5	1.3
75 to 79..	3,222	22.9	13.3	7.6	3.7	2.0
80 to 84..	2,186	36.6	19.3	8.3	7.9	3.1
85+..	1,531	59.3	38.4	16.9	9.9	11.7
Ethnic/racial background						
White..	24,135	19.1	11.1	5.1	3.6	2.4
Black ..	2,327	26.3	15.5	6.0	6.4	3.2
Hispanic ..	863	14.1	7.8	3.72	4.12	0.02
Living arrangements						
Alone..	8,985	25.5	13.3	6.5	5.2	1.5
With spouse only..	12,744	13.1	7.9	3.5	2.4	1.9
With other relatives ..	5,631	23.1	15.6	6.7	4.8	4.1

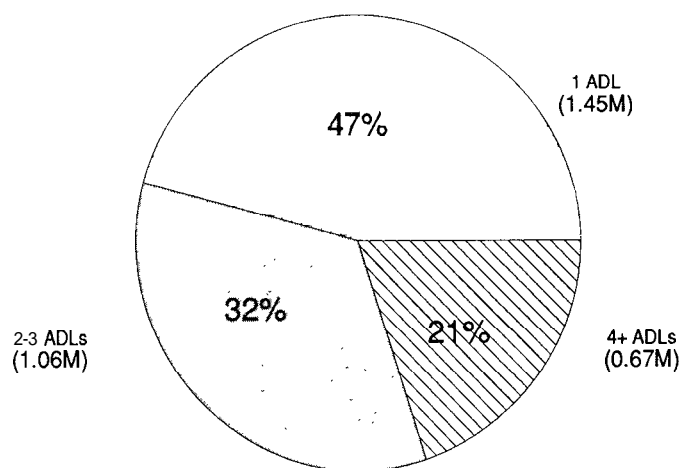
SOURCE: J. Leon and T. Lair. Functional *Status of the Noninstitutionalized Elderly: Estimates of ADL and IADL Difficulties*. DHHS Pub. No. (PHS)90-3462 (June 1990). *National Medical Expenditure Survey Research Findings 4*, Agency for Health Care Policy and Research, Rockville, MD: Public Health Service.

¹ Includes people with other ethnic/racial background, unknown veteran and insurance status, and other living arrangements.

² Relative standard error is greater than or equal to 30 percent.

In 1987, there were 27.9 million older people living in the community, outside of institutions. Approximately 3.2 million of this total (11.4 percent) had one or more ADL limitations. In this group, 1,450,000 (47 percent) had one ADL limitation, 1,060,000 had two or three limitations, and 670,000 had four or more limitations (chart 5-5).

Chart 5-5
ADL LIMITATIONS OF PEOPLE AGE 65+, BY NUMBER OF LIMITATIONS: 1987



TOTAL = 3.2 MILLION PEOPLE WITH 1+ ADL

SOURCE: J. Leon and T. Lair. *Functional Status of the Noninstitutionalized Elderly: Estimates of ADL and IADL Difficulties*. DHHS Pub. No. (PHS)90-3462 (June 1990). *National Medical Expenditure Survey Research Findings 4*, Agency for Health Care Policy and Research, Rockville, MD: Public Health Service.

INFORMAL CARE

Friends, spouses, and other relatives provide valuable informal unpaid assistance to elderly people who have disabling health problems but remain in the community. Data from the U.S. Health Care Financing Administration's 1982 Long-Term Care Survey demonstrate that, for the disabled older population living in the community, relatives represented 84 percent of all caregivers for men and provided 90 percent of days of care; likewise, relatives represented 79 percent of caregivers and provided 84 percent of days of care for older disabled women (table 5-6). More wives than husbands provided care to disabled spouses, reflecting the fact that women outlive men by an average of seven years and that wives tend to be younger than their husbands. More than one-third of all elderly disabled men living in the community in 1982 were cared for by their wives, while only 1 in 10 elderly disabled women were cared for by their husbands.

Table 5-6
PERCENT DISTRIBUTION OF CAREGIVERS AND DAYS OF CARE FOR PEOPLE 65+ WITH LIMITATIONS IN
ACTIVITIES OF DAILY LIVING, BY RELATIONSHIP TO RECIPIENT: 1982

Age and sex of recipient	Caregivers					Days of Care				
	Relationship of caregiver to recipient					Relationship of caregiver to recipient				
	Total	Spouse	Child	Other Relative	Formal	Total	Spouse	Child	Other Relative	Formal
65+										
Men.....	100	37	24	23	16	100	53	19	18	11
Women	100	10	34	35	21	100	17	37	30	16
65 to 74:										
Men	100	45	21	21	13	100	61	15	15	9
Women	100	18	29	33	20	100	31	27	28	14
75 to 84:										
Men..	100	35	23	25	17	100	53	18	18	11
Women	100	8	35	36	21	100	14	38	32	15
85+										
Men.....	100	20	34	27	19	100	31	31	22	16
Women	100	2	39	36	23	100	3	47	30	19

SOURCE: Kenneth Manton and Korbin Liu. "The Future Growth of the Long-Term Population: Projections based on the 1977 National Nursing Home Population and the 1982 Long-Term Care Survey." Paper prepared for the Third National Leadership Conference on Long-Term Care Issues: Washington, D.C., March 7-9, 1984.

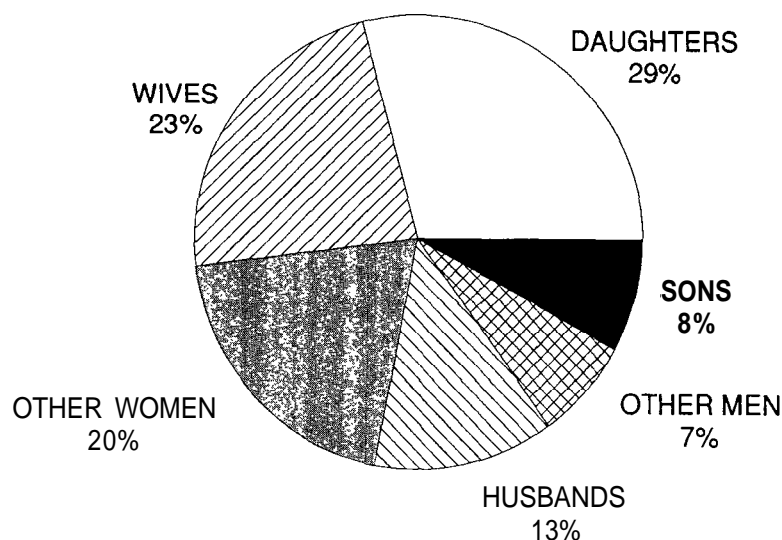
NOTE: Formal caregivers typically receive payment for services compared with informal caregivers (usually relatives) who are not compensated.

Children provided care to about a fourth of elderly disabled men in 1982, and to slightly more than a third of elderly women. Other relatives such as siblings or nieces were also giving substantial care to elderly disabled family members, representing 23 percent of all community caregivers for men and 35 percent for women. With increasing age, the support given by spouses decreases as other family members and "formal" caregivers compensate for the loss.

Analyses of the 1982 data on informal caregivers show that approximately 2.2 million caregivers age 14+ were providing unpaid assistance to 1.6 million noninstitutionalized elderly disabled people.¹ Seven of 10 caregivers (72 percent) were women: 29 percent were daughters and 23 percent were wives (chart 5-6). The average age of the caregiver population was 57, and about 1 in 3 caregivers (36 percent) was 65+. Husbands constituted the oldest caregiver group, with 42 percent age 75+. Almost three-quarters (74 percent) of the caregivers lived with the care recipients. While a majority of caregivers (57 percent) reported adjusted family incomes in the low-to-middle range (1.25 to 4.0 times the poverty level), nearly one-third (32 percent) had 1982 incomes falling within the poor or near-poor category.

¹Robyn Stone, Gail Cafferata, and Judith Sangle. "Caregivers of the Frail Elderly: A National Profile." *The Gerontologist*, Vol. 27, No. 5, The Gerontological Society of America (October 1987).

Chart 5-6
CAREGIVERS AND THEIR RELATIONSHIP TO THE ELDERLY CARE RECIPIENT: 1982



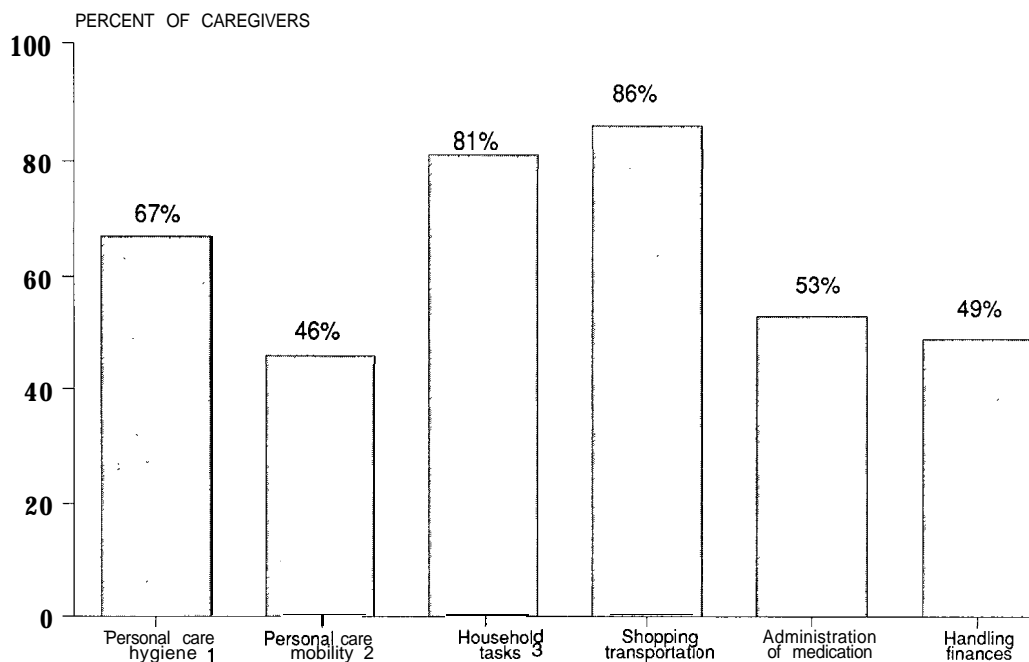
SOURCE: Select Committee on Aging, U.S. House of Representatives, *Exploding the Myths: Caregiving in America*, January 1987.

NOTE: Caregiver population includes primary and secondary caregivers.

Informal caregivers provide much more than occasional assistance. About 64 percent of the caregivers interviewed in 1982 reported that they had provided care for at least one year, and 80 percent were involved in caregiving activities seven days a week. On average, caregivers spent four hours a day in such activities. Four of every 5 performed household chores and provided assistance with shopping and transportation. Two-thirds provided assistance with such activities as feeding, bathing, dressing, and toileting. About half assisted with personal mobility, taking medicine, and handling personal finances (chart 5-7). Of the more than one million caregivers with jobs, about one-fifth (21 percent) had worked fewer hours to accommodate their caregiving responsibilities, a similar proportion (19 percent) had taken time off without pay, and more than one-fourth (29 percent) had rearranged their work schedules. About 9 percent of the 2.2 million caregivers had quit their jobs to become caregivers.

²Ibid.

Chart 5-7
TASKSPERFORMED BY CAREGIVERS: 1982



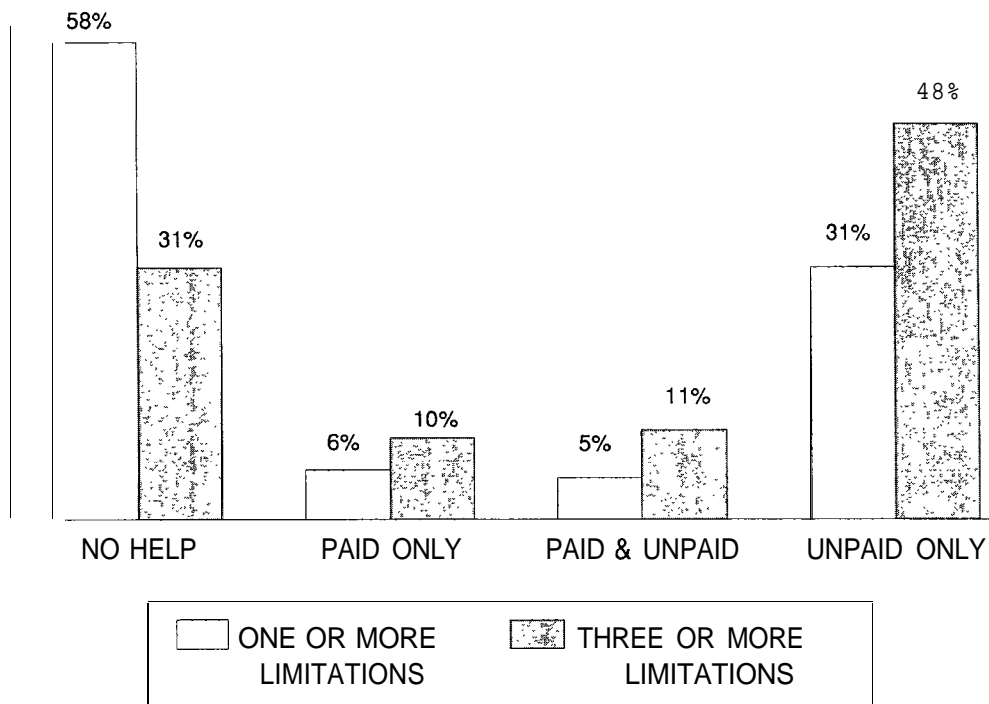
SOURCE: 1982 Long-Term Care Survey/Informal Caregivers Survey, as found in Select Committee on Aging, U.S. House of Representatives. *Exploding the Myths: Caregiving in America*, January 1987.

NOTE: 1. One or more of: feeding, bathing, dressing, toileting.
2. One or more of: getting in and out of bed and/or getting around outside.
3. One or more of: meal preparation, housecleaning, laundry.

In 1986, there were 4.5 million people age 70+ with at least one ADL limitation who were living in the community. Over half (58 percent) of these people received no help, and about 42 percent received some form of help. The major source of assistance to people with limitations was unpaid help (31 percent), most often from family members.

Severely limited older people were more likely to receive assistance with daily activities than less severely limited older people. Although 31 percent of the severely limited received no help, almost 70 percent did receive some assistance (chart 5-8).

Chart 5-8
TYPE OF HELP RECEIVED BY PEOPLE AGE 70+ WITH ADL LIMITATIONS: 1986

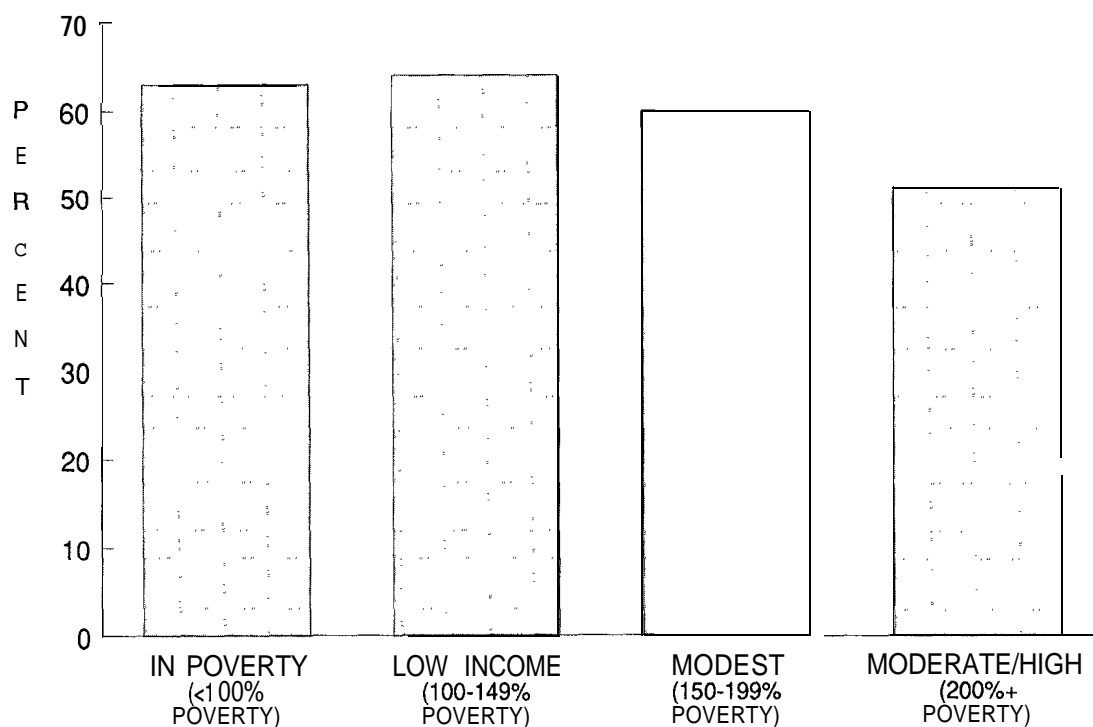


SOURCE: Data from National Center for Health Statistics, 1986 Longitudinal Study of Aging. Tabulations from "Analysis of Long-Term Care Data Bases," unpublished report prepared by The Johns Hopkins University for AARP, 1987.

Many older people do not receive assistance with daily activities despite physical, mental, emotional, or economic impairments. This situation presents problems for certain subgroups, including low-income older people.

In 1986, about one million impaired older people had incomes below the federal poverty level: \$5,255 for one person age 65+. Approximately 63 percent of this group received no help with daily activities. Almost one million older people with limitations were near poverty (incomes between \$5,255 and \$7,883). About 64 percent of this group received no help with daily activities. Of the 1.6 million impaired older people with annual incomes of \$10,510 or more, 51 percent received no help (chart 5-9).

Chart 5-9
PEOPLE AGE 70+ WITH AOL LIMITATIONS
WHO RECEIVED NO HELP (PAID OR UNPAID), BY INCOME LEVEL: 1986



SOURCE: Data from National Center for Health Statistics, 1986 Longitudinal Study of Aging. Tabulations from "Analysis of Long-Term Care Data Bases," unpublished report prepared by The Johns Hopkins University for AARP, 1987.

USE OF NURSING HOME SERVICES

About 5 percent of people age 65+ are in nursing homes at any given time, but many more will live in nursing homes during their lifetimes. The risk of institutionalization at age 65 is widely debated. Recently, researchers from the Agency for Health Care Policy and Research found that 36.6 percent of older people who died between 1982 and 1984 used nursing homes some time after reaching age 65. Using these data the researchers developed estimates of the lifetime projections of risk of using nursing home care at age 65. They estimate 43 percent of people who were age 65 in 1990 will use nursing homes at some time during their remaining years.³

Women are more likely than men of comparable ages to enter a nursing home.

In 1985, an estimated 1.3 million elderly people lived in nursing homes during the year. An estimated 1 percent (212,100) of those age 65 to 74 were residents, compared with about 6 percent (509,000) of people age 75 to 84, and about 22 percent (594,700) of people age 85+.⁴ The rate of nursing home use by the elderly has almost doubled since the introduction of Medicare and Medicaid in 1966, from 2.5 to 5 percent of the population age 65+.

The average nursing home resident is an 80-year-old white widow with several chronic conditions. Typically, she has been in the nursing home for 18 months and was previously a patient in a hospital or other health care facility. In general, older women are twice as likely as older men to reside in a nursing home.

In 1985, about 68 percent of older residents had spouses who had died, compared with 34 percent of community residents. In addition, 63 percent of older nursing home residents had living children, compared with 81 percent of older community residents (table 5-7).

³C. Murtaugh, Peter Kemper, and Brenda Spillman. "The Risk of Nursing Home Use in Later Life." *Medical Care* Vol. 28, No. 10 (October 1990).

⁴Esther Hing. "Use of Nursing Homes by the Elderly: Preliminary Data from the 1985 National Nursing Home Survey." Advance Data No. 135, National Center for Health Statistics (May 14, 1987).

Table 5-7
SELECTED CHARACTERISTICS OF NURSING HOME AND
COMMUNITY RESIDENTS AGE 65+: 1985 AND 1984

Subject	Living in nursing homes 1985	Living in community 1984
Total 65+		
Number (thousands)	1,318	26,343
Percent..	100.0	100.0
Age:		
65 to 74..	16.1	61.7
75 to 84..	38.6	30.7
85+..	45.3	7.6
Sex:		
Men	25.4	40.8
Women..	74.6	59.2
Race:		
White..	93.1	90.4
Black..	6.2	8.3
Other..	0.7	1.3
Marital Status¹		
Widowed	67.8	34.1
Married..	12.8	54.7
Never married	13.5	4.4
Divorced or separated..	5.9	6.3
With living children..	63.1	81.3
Requires assistance in:		
Bathing..	91.0	6.0
Dressing..	77.6	4.3
Using toilet room..	63.2	2.2
Transferrings..	62.6	2.8
Eating..	40.3	1.1
Difficulty with bowel and/or bladder control..	54.5	(NA) ³
Disorientation or memory impairment..	62.6	(NA)
Senile dementia or chronic organic brain syndrome	46.9	(NA)

SOURCE: National Center for Health Statistics. Data from the National Health Interview Survey, Supplement on Aging, 1984, and the 1985 National Nursing Home Survey, Advance Data Nos. 115, 121, 133, and 135; Series 13, No. 102; and unpublished data.

¹ For nursing home residents, marital status at time of admission.

² Getting in or out of bed or chair.

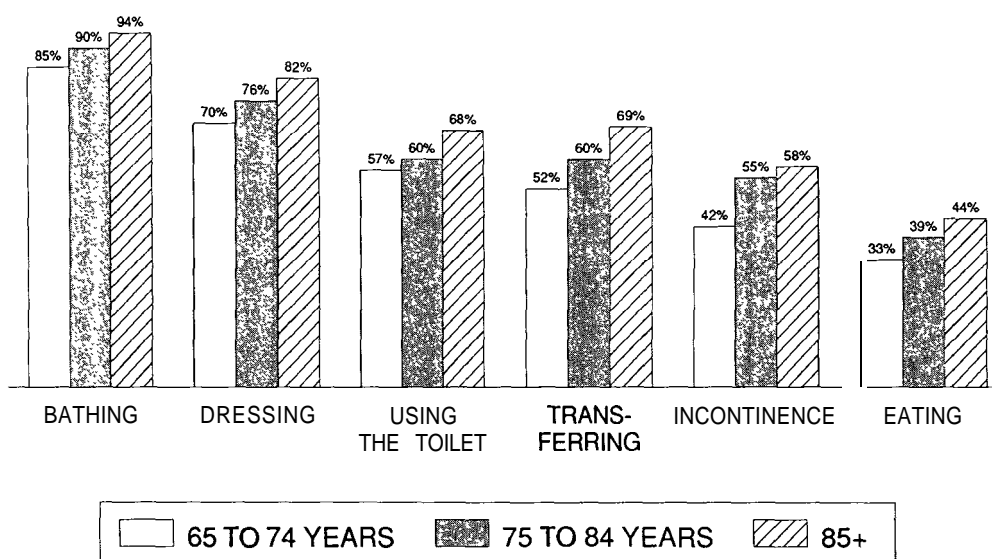
³ Although comparable data are not available, the 1984 SOA (see source) found that 6 percent of the community-resident older population had difficulty with urinary control or had urinary catheters.

(NA) Not available.

Approximately 85 percent of nursing home residents age 65 to 74 required assistance in bathing. The proportion increased to 94 percent for residents age 85+. For residents age 65 to 74, 70 percent required assistance in dressing; 57 percent required assistance using the toilet; 52 percent required assistance transferring from a bed or a chair; 42 percent were incontinent; and 33 percent required assistance with eating (chart 5-10).

Several factors increase an older person's risk for nursing home placement: a greater level of chronic disability, the lack of a family member to provide help when needed, deteriorating cognitive functioning, advancing age, being a woman, and time spent in a hospital or other health facility.

Chart 5-10
NURSING HOME RESIDENTS WHO REQUIRED ASSISTANCE, BY AGE AND ACTIVITY: 1985



SOURCE: National Center for Health Statistics. Esther Hing. "Use of Nursing Homes by the Elderly, Preliminary Data From the 1985 National Nursing Home Survey." Advance Data From Vital and Health Statistics No. 135. Pub. No. (PHS)87-1250 (May 14, 1987).

The majority of nursing home residents do not stay in a facility more than 179 days. However, length of stay varies by marital status. For example, according to a study by the Brookings Institution and ICF, Inc., the probability that a married person would leave a nursing home within 29 days of admission is almost 1 in 3, but the probability for an individual who is not married is 1 in 2 (table 5-8).

Table 5-8
NURSING HOME LENGTH OF STAY PROBABILITIES, BY AGE OF ENTRY AND MARITAL STATUS
(in percent)

Length of stay in days	Married			Unmarried		
	65 to 74	75 to a4	85+	65 to 74	75 to a4	85+
1 to 29	29	32	30	21	20	19
30 to 59	13	14	14	12	11	10
60 to a9	a	5	5	7	5	6
90 to 179	14	10	9	10	10	12
180 to 364	11	9	10	9	12	12
365 to 729	a	10	10	9	11	13
730 to 1,094	6	4	5	7	7	a
1,095 to 1,469	3	3	4	4	6	6
1,470 to 1,824	3	2	5	3	4	4
1,825 to 2,189	2	3	2	3	3	3
2,190+	4	7	6	15	10	9
TOTAL	100	100	100	100	100	100

SOURCE: Brookings Institution and Lewin/ICF calculations using data from the 1985 Nursing Home Survey.

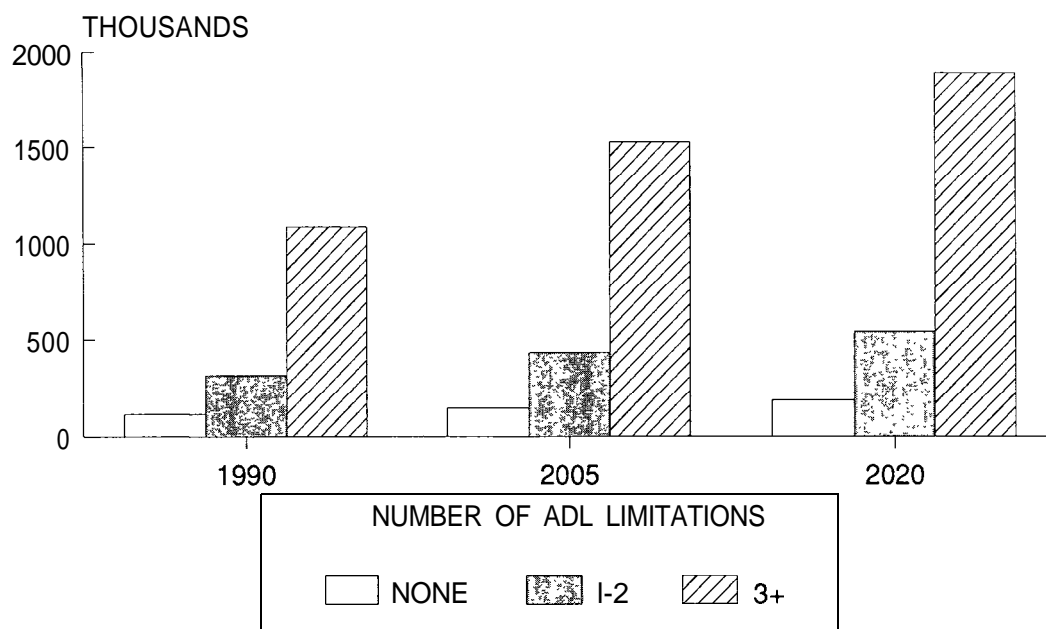
Researchers have encountered several difficulties in estimating length of stay. The primary problem is that data are not available on entire lengths of stay. That is, some people reside in a nursing home for many years and it is difficult for a national survey to follow this cohort for their complete stay. In addition, some people have stays interrupted by time in a hospital or at home. Finally, data on current residents underestimate short stays and data on discharged residents underestimate long stays.

A recent study by Spence and Wiener addressed these problems using the discharge file from the 1985 National Nursing Home Survey.⁵ They combined previous and current lengths of stay and found that about 45 percent of older nursing home patients stayed less than three months. About 10 percent stayed for six months to a year, 17 percent stayed for one to three years, and 9 percent stayed for five or more years.

It is likely that the nursing home population will continue to increase, primarily because of growth in the proportion of people age 85+. Current projections indicate that from 1990 to the year 2005, the nursing home population will increase from 1.5 million to 2.1 million, and will increase again to 2.6 million by 2020 (chart 5-11).

⁵D.A. Spence and J.M. Wiener, "Nursing Home Length of Stay Patterns: Results From the 1985 National Nursing Home Survey." *The Gerontologist* Vol. 30, No. 1, 1990.

CHART 5-11
NURSING HOME RESIDENTS AGE 65+, BY LEVEL OF IMPAIRMENT: 1990-2020



SOURCE: Brookings/ICF Financing Model, unpublished data, 1990.

Mental health problems have always been common among nursing home residents. For example, cognitive impairments are frequently important factors in the decision to place someone in a nursing home. In 1985, about 63 percent of the 1.3 million older residents of nursing homes were disoriented or memory impaired to the extent that their basic daily functioning was hindered. Forty-seven percent of the 1.3 million residents suffered from senile dementia or chronic organic brain syndrome. The prevalence of disorientation or memory impairment increased with age (table 5-9). Several studies have found that 70 to 80 percent of residents experience psychiatric problems. One recent study found that 94 percent of the residents of a nursing home had mental disorders.⁶

Table 5-9
PERCENT OF ELDERLY NURSING HOME RESIDENTS
WITH COGNITIVE IMPAIRMENT, BY AGE, SEX AND RACE: 1985
(in percent)

Age, sex, and race	Disorientation or memory impairment	Senile dementia or chronic organic brain syndrome
Total (65+).....	62.6	46.9
Age:		
65 to 74 years	55.7	34.0
75 to 84 years	60.8	45.4
85+	66.7	52.8
Sex:		
Men	58.8	42.1
Women	64.0	48.6
Race:		
White	62.2	46.8
Black	69.5	51.4
Other	56.2	*35.2

SOURCE: Ester Hing. "Use of Nursing Homes by the Elderly: Preliminary Data from the National Nursing Home Survey. Advance Data No. 135, National Center for Health Statistics (May 14, 1987); "Nursing Home Utilization by Current Residents: United States, 1985." *Vital and Health Statistics*, Series 13, No. 102 (October 1989).

* Figure does not meet standard of reliability or precision.

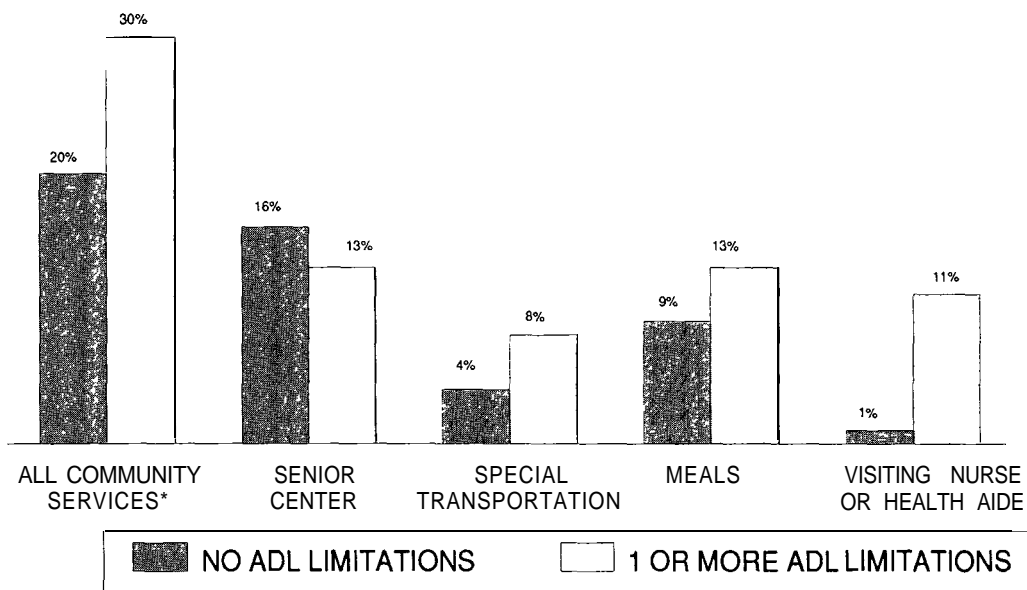
⁶Barry W. Rovner, Stephanie Kafonek, Laura Filipp, Mary Jane Lucas, and Marshall F. Folstein. "Prevalence of Mental Illness in a Community Nursing Home." *American Journal of Psychiatry* Vol. 143, No. 11 (November 1986).

USE OF COMMUNITY SERVICES

Most functionally impaired older Americans obtain long-term care services in the community. Community services include senior centers, special transportation, meals provided at home or at another location in the community, adult day care, and visits from nurses or health aides. These services often play a critical role in helping older people maintain independence and avoid institutionalization.

Twenty percent of all people age 65+ without ADL limitations used some type of community service at least once a year. However, use of specific services varied by level of impairment. Older people with functional limitations were less likely to use a senior center but more likely to use home care services than those without limitations (chart 5-12).

Chart 5-12
COMMUNITY SERVICES USED BY THE OLDER POPULATION: 1984

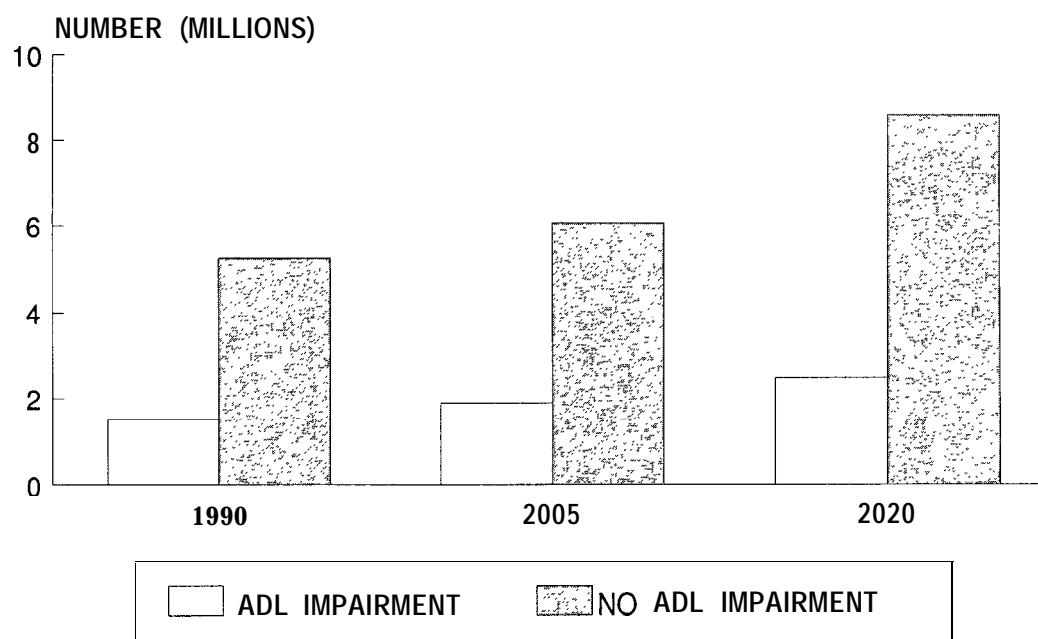


SOURCE: Data from National Center for Health Statistics. Health Interview Survey. Supplement to *Aging, 1984*. Tabulations from Analysis of Long-Term Care Data Bases, unpublished report prepared by The Johns Hopkins University for AARP, 1987.

NOTE: Includes adult day care not shown separately because of small sample size.

In the future, the use of community services will increase. During 1990, about 1.5 million impaired older people used some type of community service at least once. By the year 2020, 2.4 million impaired older people will use such services. Approximately 5.2 million unimpaired older people used community services in 1990; 8.6 million will use such services by the year 2020 (chart 5-13).

CHART 5-13
USE OF COMMUNITY SERVICES, BY PRESENCE OF IMPAIRMENT, FOR PEOPLE AGE **65+**: 1990-2020



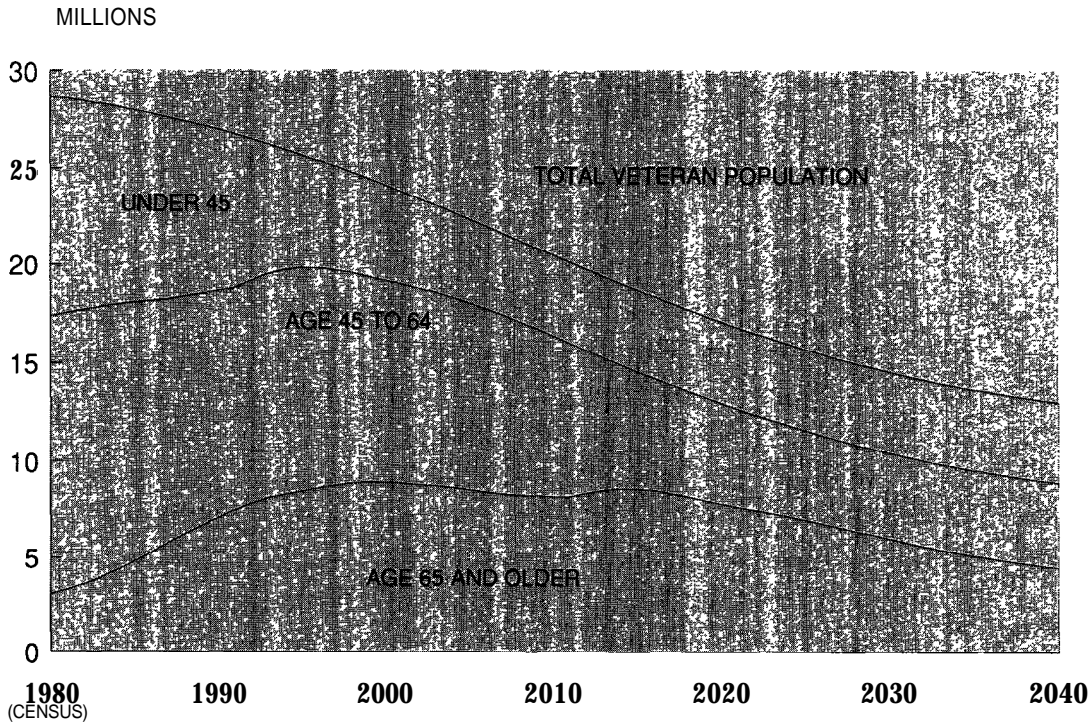
SOURCE: Lewin/ICF, unpublished data, 1990. Estimates based on data from *1984 SOA* and *Brookings/ICF LTC Financing Model*.

NOTE: Projections assume constant age/sex/marital status, rates of disability in the community, and constant rates of use of community services by impairment/age/sex.

VETERANS AND LONG-TERM CARE

As more of the country's veterans reach age 65, the health and long-term care system operated by the Department of Veterans Affairs (VA) will face increased demands for care. In 1988, 6.4 million veterans age 65+ were potential users of the system. By the year 2000, the number is projected to reach 8.5 million (chart 5-14).

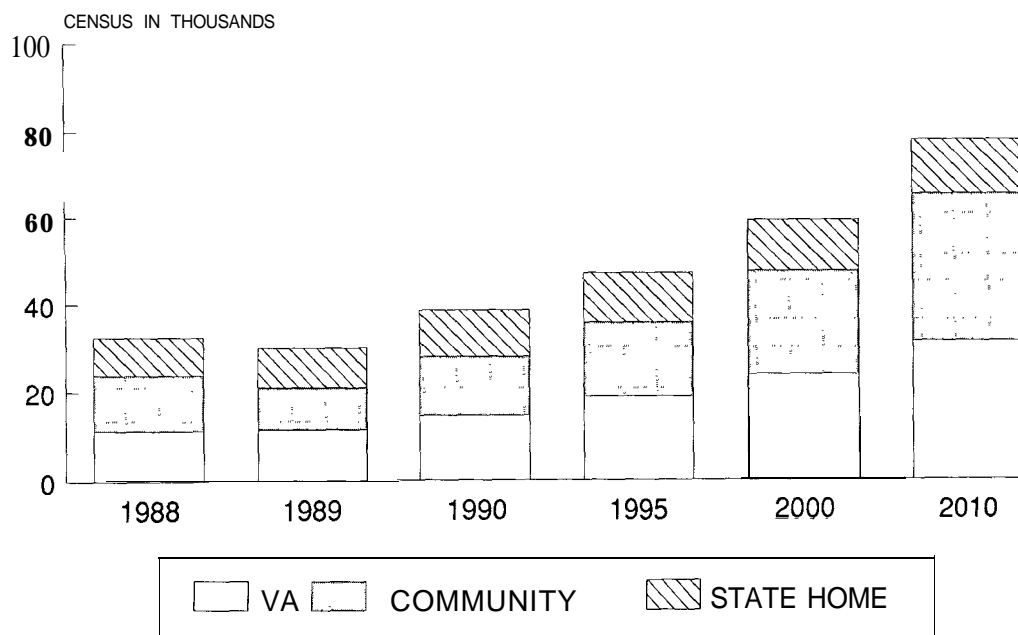
Chart 5-14
THE AGING VETERAN POPULATION:
1989-2040



SOURCE: Dept. of Veterans Affairs, 1990.

An increase in the cost of care accompanies the increase in the number of veterans. From 1974 to 1983, the average daily census of veterans in all VA long-term care facilities grew from 31,900 to 38,000. During the same period, aggregate costs for long-term care of veterans rose from **\$183.1** million to \$636.2 million. By 1986, VA costs had increased to \$906.6 million. The VA provides or pays for a variety of long-term care services. Veterans Affairs nursing homes are located in the **172** VA medical centers; **27,200** veterans were served in such homes in 1988, where the number of daily residents average 11,300. In addition to care at its own facilities, the VA pays for some skilled and intermediate care in non-VA nursing homes. In 1988, approximately **42,000** veterans received care in 3,600 community facilities. The number of daily residents was approximately 12,400 (chart 5-15).

Chart 5-15
VA NURSING HOME CENSUS*:
FY 1988-2010



SOURCE: Department of Veterans Affairs

*Average Daily Census.

Like other health care providers in the United States, the VA is increasing the number and diversity of noninstitutional long-term care programs. It provides long-term care in its 27 domiciliary care facilities and in programs such as hospital-based home care, adult day care, residential home care, psychiatric day treatment and mental hygiene clinics, and community residential care.

The Department of Veterans Affairs operates the largest health care system in this country. As of 1990, over half of all American men age 65+ were veterans. Although the VA is a potential source of services for all veterans, most do not use VA health or long-term care services. Many veterans do not meet the eligibility criteria, while others seek care at a community facility because it is closer to home.

FINANCING LONG-TERM CARE

Most older people have little protection against the high costs of long-term care. The financing of long-term care comes mainly from two sources: private payments by individuals or families and public payments by Medicaid.

In 1988, Americans spent \$43.1 billion on nursing home care. Nursing home residents and their families paid 48.4 percent of that amount, Medicaid paid 44.4 percent, and Medicare, 1.9 percent. Private insurance paid 1.1 percent of nursing home costs.⁷ In the future, older people will use more long-term care because more people will live long enough to need it. As a result, the number of older people in nursing homes will increase dramatically, as will total nursing home expenditures.

In the last 10 years, out-of-pocket payments as a portion of total nursing home expenditures have increased. This trend is expected to continue. Recent projections of nursing home expenditures show that out-of-pocket expenditures by people age 65+ will increase from \$20.8 billion in 1990, to \$64.4 billion in the year 2020 (table 5-10 and chart 5-16).

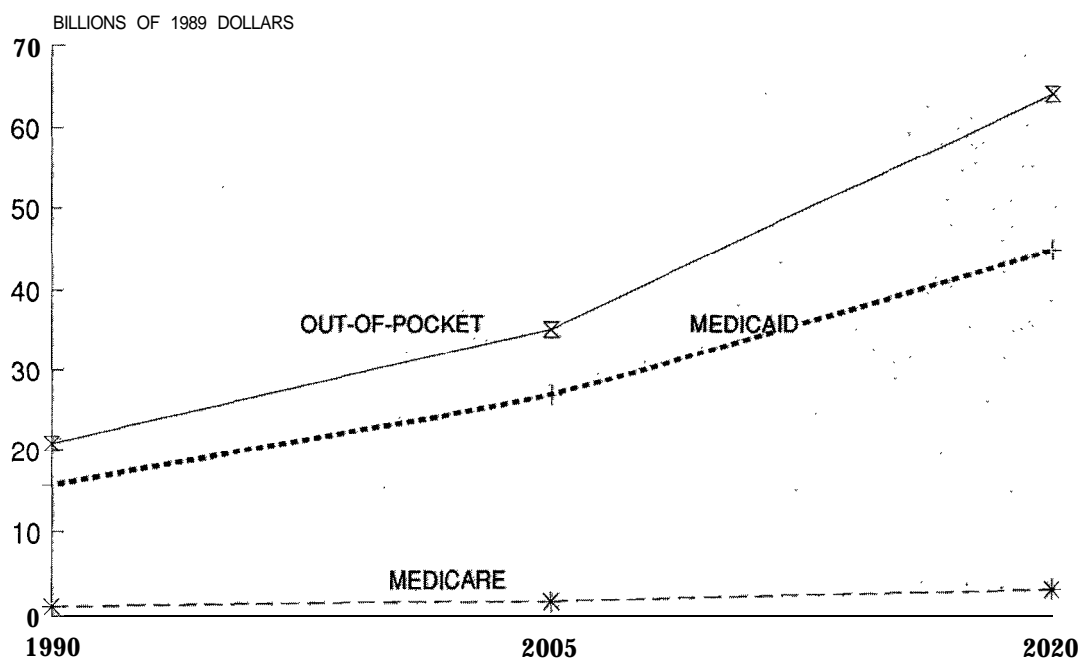
Table 5-10
PROJECTED NURSING HOME EXPENDITURES FOR PEOPLE AGE 65+,
BY SOURCE OF PAYMENT IN 1990, 2005, AND 2020
(in billions of 1989 dollars)

Source of payment	1990	2005	2020
Nursing Home Care			
Medicare	\$1.1	\$ 1.8	\$ 3.2
Medicaid..	\$15.7	\$27.0	\$45.0
Out-of-Pocket..	\$20.8	\$35.2	\$64.4
Total	537.6	\$64.0	\$112.6

SOURCE: Brookings/ICF Long Term-Care Financing *Model*, unpublished data, 1990

⁷K.R. Levit, M.S. Freedland, and D.R. Waldo. "National Health Care Spending Trends: 1988." Health Affairs (Summer 1990).

Chart 5-16
**PROJECTED NURSING HOME EXPENDITURES FOR PEOPLE AGE 65+,
 BY SOURCE OF PAYMENT: 1990-2020**



SOURCE: Brookings/ICF Long-Term Care Financing Model, unpublished data, 1990

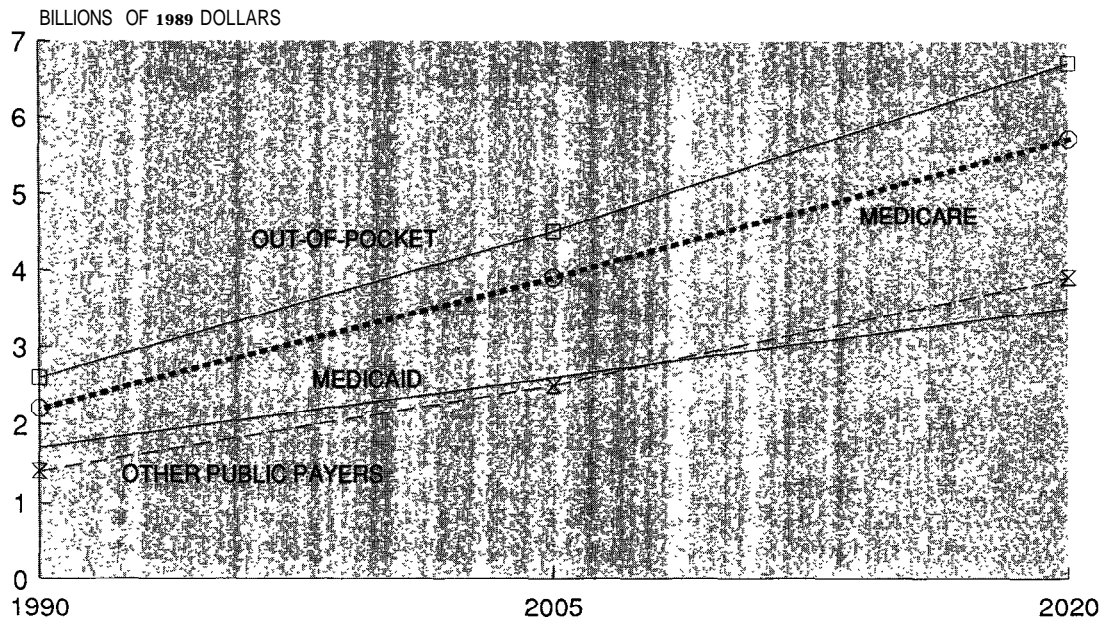
Home health care expenditures also will increase in the future because older people prefer to remain in the community. Total expenditures for home health care are projected to increase from \$7.9 billion in 1990 to **\$19.8** billion by the year 2020 (table 5-11). Medicare and Medicaid will continue to cover about half of home health care expenditures. Out-of-pocket expenditures will increase from **\$2.6** billion in 1990 to **\$6.7** billion in 2020 (chart 5-17).

Table 5-11
PROJECTED HOME CARE EXPENDITURES FOR PEOPLE AGE 65+,
BY SOURCE OF PAYMENT IN 1990, 2005, AND 2020
(in billions of 1989 dollars)

Source of payment	1990	2005	2020
Medicare	\$ 2.2	\$ 3.9	\$ 5.7
Medicaid..	\$1.7	\$ 2.6	\$ 3.5
Other public payers.. ..	\$1.4	\$ 2.5	\$ 3.9
Out-of-pocket	\$2.6	\$ 4.5	\$ 6.7
Total	\$ 7.9	\$13.5	\$19.8

SOURCE: Brookings/ICF *Long Term Care financing Model*, unpublished data, 1990.

Chart 5-17
PROJECTED HOME CARE EXPENDITURES FOR PEOPLE AGE 65+ BY SOURCE OF PAYMENT: 1990-2020



SOURCE: Brookings/ICF *Long-Term Care Financing Model*, unpublished data, 1990.

The cost of long-term care can place an unbearable financial strain on many Americans, particularly the elderly. Private long-term care insurance is now being marketed; however, only about 1.5 million policies have been sold. While the market is expected to grow, the cost of policies for the elderly is high, relative to their income.

Recent estimates show that the proportion of long-term care expenditures covered by private long-term care insurance will slowly increase. For example, in 1990 about 2 percent of expenditures were covered by insurance. Assuming continued growth in the sales of long-term care insurance, by the year 2020, long-term care insurance will pay approximately 6.6 percent of total long-term care expenditures (table 5-12).

Table 5-12
EXPECTED ROLE OF PRIVATE LONG-TERM CARE INSURANCE

Year	Total LTC expenditures (in billions of 1989 dollars)	Percent of LTC expenditures covered by private insurance
1990.....	\$46.0	2.0%
2005.....	\$75.9	4.0%
2020.....	\$132.6	6.6%

SOURCE: Brookings/ICF Long-Term Care Financing Model, unpublished data, 1990.

On average, the income of Americans age 65+ may increase during the next 30 years because of growth in pension coverage, increases in real earnings, and higher rates of labor force participation by women. However, as individuals get older, they are not likely to see improvements in their own income. Many older people will have incomes just above the poverty threshold. Older people see a decline in their incomes for several reasons, including the loss of pension income when a spouse dies and erosion of savings over a long life. Impaired older people are more likely than other elderly people to have limited incomes or assets. Income is defined here as personal income of single people and the spouses of a married couple.

In 1990, there were approximately 5.9 million impaired older people; about 1.6 million (27 percent) were poor (table 5-13). By the year 2020, the number of impaired older people will increase to 9.9 million; about 1.2 million (12 percent) of them will have incomes below the poverty level (chart 5-18).

Table 5-13
PROJECTED INCOME DISTRIBUTION OF IMPAIRED PEOPLE¹ AGE 65+,
AS A PROPORTION OF THE POVERTY LEVEL
(numbers in thousands)

Income as proportion of poverty level	YEAR					
	1990		2005		2020	
	Number	Percent ²	Number	Percent	Number	Percent
Total.. .. .	5,913	100	7,540	100	9,914	100
<100 %	1,593	27	1,341	18	1,153	12
100-149%	1,578	27	1,734	23	1,690	17
150-199%	745	13	1,067	14	1,343	14
200% +	1,997	34	3,398	45	5,728	58

SOURCE: Lewin/ICF estimates based on data from the 1984 *Survey on Aging (SOA)* and the *Brookings/ICF Long-Term Care Financing Model*, 1990.

NOTE: Projections assume constant age, sex, and marital status rates of disability for people in the community. Improvements in income are the result of expected growth in pension coverage, increases in real earnings, and higher rates of female labor force participation by women.

¹ "Impaired people" includes people living in the community with ADL limitations and nursing home residents.

² Totals may exceed 100 percent due to rounding.

Chart 5-18
INCOME DISTRIBUTION OF IMPAIRED PEOPLE* AGE 65+: 1990-2020



SOURCE: Lewin/ICF, unpublished data, 1990. Estimates based on 1984 Survey on Aging, Brookings/ICF LTC Financing Model.

*Includes community and nursing home residents.

Income from assets is the second most important income source after Social Security benefits. Assets include savings, stocks and bonds, checking accounts, and other items.

In 1990, about 3.5 million impaired older people had nonhousing financial assets below \$25,000 (60 percent) (table 5-14). By the year 2020, the number of impaired older people with modest assets is projected to rise to 5.2 million (52 percent) (chart 5-19).

Table 5-14
PROJECTED ASSET DISTRIBUTION OF IMPAIRED PEOPLE* AGE 65+
 (numbers in thousands)

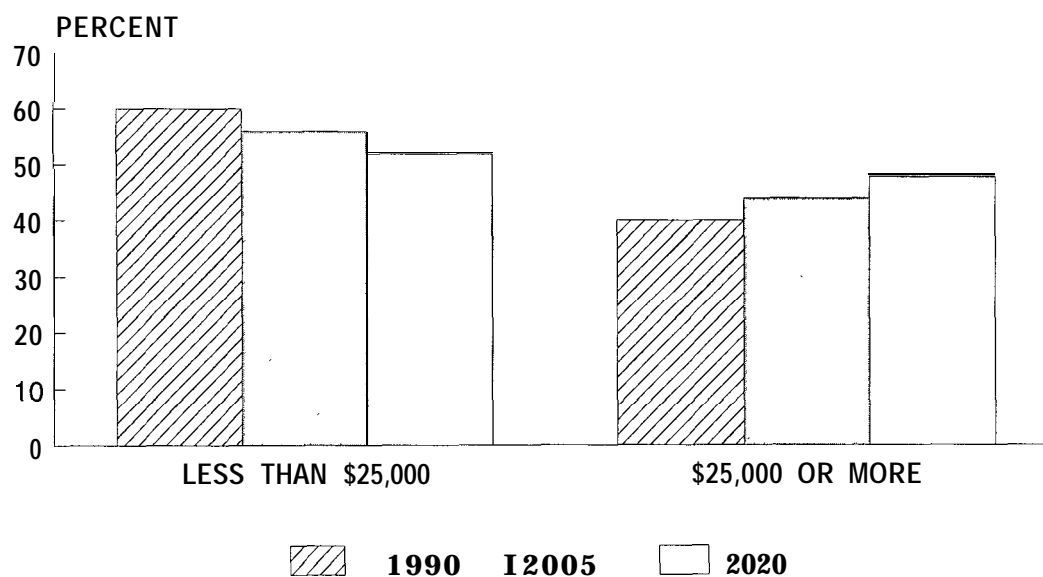
Financial assets (Nonhousing, 1989 dollars)	YEAR					
	1990		2005		2020	
	Number	Percent	Number	Percent	Number	Percent
Total	5,913	100	7,540	100	9,914	100
<\$25,000.....	3,548	60	4,222	56	5,155	52
\$25,000+.....	2,365	40	3,318	44	4,759	48

SOURCE: **Lewin/ICF** estimates based on data from the *1984 Survey on Aging (SOA)* and the *Brookings/ICF Long-Term Care Financing Model, 1990*.

NOTE: Projections assume constant age, sex, and marital status rates of disability for people in the community.

* Impaired people includes people living in the community with ADL limitations and nursing home residents.

Chart 5-19
ASSET DISTRIBUTION OF IMPAIRED PEOPLE* AGE 65+: 1990-2020



SOURCE: Lewin/ICF, unpublished data, 1990. Estimates based on 1984 *Survey on Aging*, Brookings/ICF LTC financing Model.

*Includes community and nursing home residents.

NOTE: Assets exclude housing and are expressed in 1989 dollars.

SPOUSAL IMPOVERISHMENT

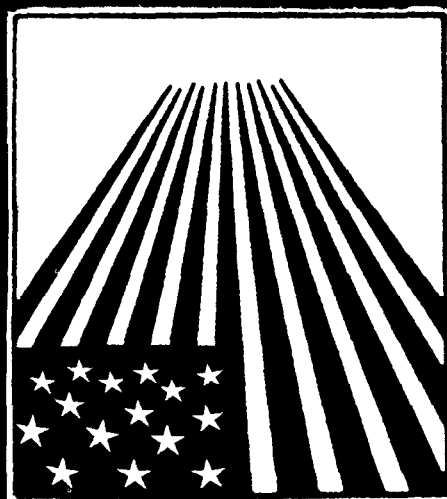
When one member of an elderly couple must enter a nursing home for an extended stay, the high costs of care can deplete the couple's financial resources very quickly. The 1988 Medicare Catastrophic Coverage Act (MCCA) included "spousal impoverishment" provisions, which are intended to protect some of the income and assets of the spouse who remains at home while the institutionalized spouse is in the process of spending down to become Medicaid eligible.

Under MCCA, states must allow the community-based spouse to keep an amount of monthly income equal to at least 122 percent of the federal poverty level (\$856 per month in 1990). This allowance increased to 133 percent on July 1, 1991, and will increase to 150 percent on July 1, 1992. However, the maximum allowance could not exceed \$1,565 per month in 1990. This provision also provides for a one-time determination of liquid assets, with half attributable to each spouse. The institutionalized person may transfer an amount equal to one-half, or \$12,516 (in 1990), whichever is higher, to the spouse, up to \$62,580 (the amount of protected assets increases each July 1, based on the increase in the Consumer Price Index). States have the option to increase the minimum level of protected assets to any amount above \$12,516, up to \$62,580, and the minimum level of protected monthly income up to \$1,565 in 1990. Approximately 20 states have done so.

For example, if the couple has assets worth \$20,000, the institutionalized person may transfer \$12,516 to the spouse. If they have assets worth \$130,000, the institutionalized person may transfer \$62,580 to the spouse, keeping the remainder for himself, or herself. In other words, if the spouse's share of assets exceeds \$62,580, the excess is attributed to the institutionalized person.

Chapter 6

Social Characteristics



Social Characteristics

Marital status and living arrangements of people age 65+ vary tremendously by sex. Most men, for instance, spend their elderly years married and in family settings, whereas half of older women spend their later years as widows outside of family settings.

The housing situation of older people also varies significantly with large differences by marital status and living arrangements. A surprising proportion of older people bears the burden of high housing expenses in relation to income. Inadequate housing and the lack of telephones are also problems for a small but significant number of older people.

The following section describes these and other social characteristics of the older population, such as educational level, voter participation, and volunteer work.

MARITAL STATUS AND LIVING ARRANGEMENTS

MOST OLDER MEN ARE MARRIED, BUT HALF OF OLDER WOMEN ARE WIDOWED

While most older men remain married until they die, nearly half (49 percent) of older women are widowed (table 6-1) . This trend holds true for men and women of all races, with blacks having higher rates of widowhood than whites or Hispanics (chart 6-1) . There are several reasons for this discrepancy. Men have a shorter average life expectancy and thus tend to predecease their wives. In addition, men tend to marry women who are younger than themselves. Finally, men who lose a spouse through divorce or death are more likely to remarry than are women in the same situation.¹ Elderly widowed men have remarriage rates over eight times higher than those of women.²

In 1989, 74 percent of all older men were married and living with their spouses. Only 40 percent of older women were living with their spouses and 49 percent were widowed. This difference was more pronounced among people age 85+. About half (48 percent) of men in this age group were living with a spouse and 42 percent were widowed, whereas more than 4 of every 5 women in this age group (82 percent) were widowed. Only 1 of every 20 older men and women in 1989 had never been married and a similar proportion was currently divorced.

1U.S. Bureau of the Census. "Demographic and Socioeconomic Aspects of Aging in the United States." *Current Population Reports* Series P-23, No. 138 (August 1984).

²National Center for Health Statistics. "Advance Report of Final Marriage Statistics, 1987." *Monthly Vital Statistics Report* Vol. 38, No. 12, Supplement (April 1990).

Table 6-1
MARITAL STATUS OF OLDER PEOPLE, BY AGE, SEX, RACE,
AND HISPANIC ORIGIN: MARCH 1989
(excludes people in institutions)

Marital status	65+		65 to 74		75 to 84		85+	
	Men	Women	Men	Women	Men	Women	Men	Women
ALL RACES								
Total (thousands)	12,078	16,944	7,880	9,867	3,506	5,669	693	1,408
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Never married	4.7	5.0	4.9	4.5	4.6	5.8	3.2	5.6
Married, spouse present	74.3	40.1	78.4	51.4	70.4	28.1	48.2	9.1
Married, spouse absent	2.7	1.6	2.7	1.8	2.3	1.5	4.4	0.9
Widowed	14.0	48.7	8.9	36.6	19.7	61.5	42.1	82.3
Divorced	4.3	4.5	5.1	5.7	2.9	3.0	2.1	2.1
WHITE								
Total (thousands)	10,798	15,204	7,050	8,767	3,136	5,174	612	1,263
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Never married	4.6	5.1	4.8	4.5	4.5	6.0	3.1	5.7
Married, spouse present	76.3	41.2	80.6	53.3	72.3	28.7	47.9	8.8
Married, spouse absent	2.1	1.2	2.0	1.3	1.6	1.1	4.8	0.6
Widowed	13.2	48.1	8.1	35.5	19.2	61.0	41.8	82.7
Divorced	3.8	4.4	4.5	5.4	2.4	3.2	2.4	2.2
BLACK								
Total (thousands)	981	1,455	619	913	300	416	62	126
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Never married	4.5	4.5	4.0	4.3	6.0	4.6	(B)	5.7
Married, spouse present	56.0	27.9	58.6	33.4	50.9	20.8	(B)	12.2
Married, spouse absent	8.3	5.8	8.6	6.0	9.2	5.9	(B)	4.2
Widowed	21.4	55.3	17.6	47.1	24.7	66.9	(B)	76.3
Divorced	9.8	6.5	11.1	9.2	9.2	1.9	(B)	1.6
HISPANIC ORIGIN¹								
Total (thousands)	447	558	301	350	120	176	26	31
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Never married	6.6	8.2	6.4	6.8	6.0	11.0	(B)	(B)
Married, spouse present	65.6	37.6	69.7	47.5	62.8	23.1	(B)	(B)
Married, spouse absent	7.7	2.5	8.5	2.4	6.6	2.9	(B)	(B)
Widowed	15.1	43.6	9.3	33.6	21.4	57.8	(B)	(B)
Divorced	5.0	8.1	6.1	9.7	3.2	5.2	(B)	(B)

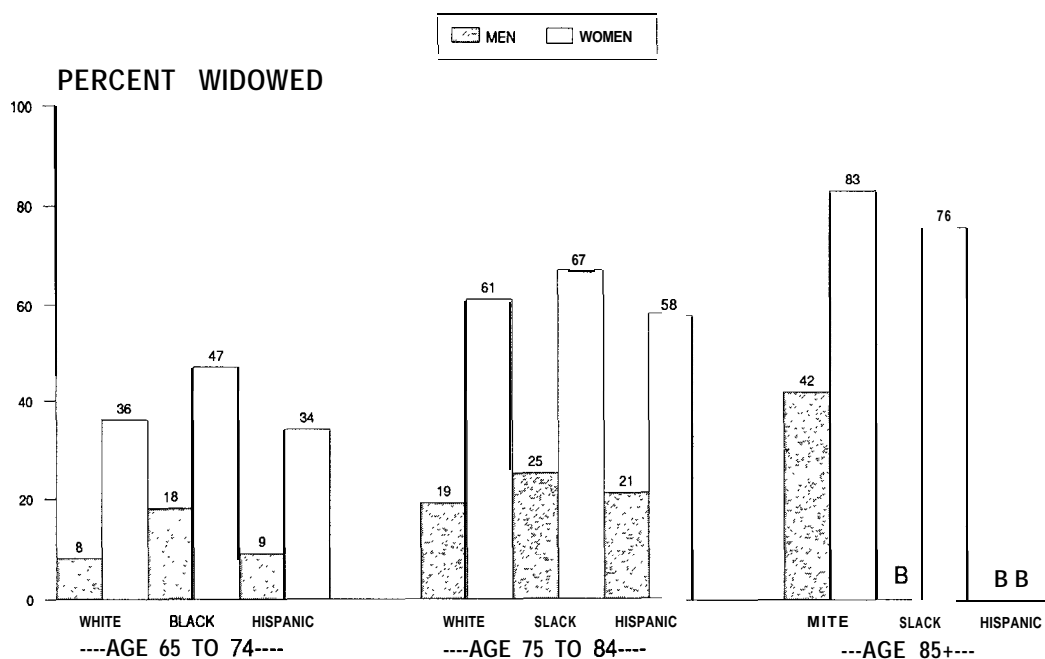
SOURCE: U.S. Bureau of the Census. "Marital Status and Living Arrangements: March 1989." Current *Population Reports* Series P-20, No. 445 (June 1990).

NOTE: Percentage distributions may not add to 100.0 due to rounding.

(B) Base less than 75,000

¹People of Hispanic origin may be of any race.

Chart 6-1
PERCENT OF OLDER MEN AND WOMEN WIDOWED,
BY AGE, RACE, AND HISPANIC ORIGIN: 1969



(B)Base less than 75,000

SOURCE: U.S. Bureau of the Census, "Marital Status and Living Arrangements: March 1989," Current *Population Reports* Series P-20, No. 445 (June 1990).

MOST ELDERLY MEN LIVE IN FAMILY SETTINGS;
MANY ELDERLY WOMEN LIVE ALONE

Two-thirds (67 percent) of older, noninstitutionalized people lived in a family setting in 1989. As with marital status, however, these statistics vary considerably by sex. About 4 of every 5 men age 65+ (82 percent) lived with their spouses or other family members, compared with 57 percent of women in this age group (table 6-2). Among women age 75+, less than half lived with spouses or family.

There are significant differences by race and origin in the living arrangements of older people. One of the most striking differences is the greater tendency for older minority men and women to live with relatives other than one's spouse, compared with white men and women. Twenty-six percent of Hispanics and 24 percent of blacks were living with other relatives in 1989, compared with only 12 percent of whites (chart 6-2).

Table 6-2
LIVING ARRANGEMENTS OF OLDER PEOPLE, BY AGE, SEX, RACE,
AND HISPANIC ORIGIN: MARCH 1989
(excludes people in institutions)

Living arrangement	65+		65 to 74		75 to 84		85+	
	Men	Women	Men	Women	Men	Women	Men	Women
ALL RACES								
Total (thousands)	12,078	16,944	7,880	9,867	3,506	5,669	693	1,408
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Living with spouse	74.3	40.1	78.4	51.4	70.4	28.1	48.2	9.1
Living with other relatives	7.7	16.9	6.4	13.5	8.7	19.1	17.3	32.6
Living alone	15.9	40.9	13.3	33.5	18.4	50.5	32.6	54.0
Living with nonrelatives ..	2.1	2.0	2.0	1.5	2.5	2.3	1.7	4.3
WHITE								
Total (thousands)	10,798	15,204	7,050	8,767	3,136	5,174	612	1,263
P e r c e n t	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Living with spouse	76.3	41.2	80.6	53.3	72.3	28.7	47.9	8.8
Living with other relatives	6.6	15.4	5.3	11.8	7.7	17.5	16.8	31.1
Living alone	15.3	41.4	12.5	33.5	17.9	51.5	33.7	55.5
Living with nonrelatives..	1.8	2.0	1.7	1.4	2.0	2.3	1.6	4.6
BLACK								
Total (thousands)	981	1,455	619	913	300	416	62	126
Percent..	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Living with s p o u s e	56.1	27.9	58.6	33.4	51.0	20.7	(B)	11.9
Living with other relatives	15.6	29.7	15.0	26.4	17.0	32.2	(B)	45.2
Living alone	23.9	39.8	22.8	37.7	24.7	43.5	(B)	42.9
Living with nonrelatives ..	4.6	2.6	3.7	2.5	7.3	3.6	(B)	0.0
HISPANIC ORIGIN*								
Total (thousands)	447	557	301	350	120	176	26	31
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Living with spouse	65.5	37.7	69.8	47.4	62.5	23.3	(B)	(B)
Living with other relatives	15.2	35.5	12.6	30.0	18.3	43.2	(B)	(B)
Living a l o n e	17.4	25.7	15.0	21.1	19.2	33.5	(B)	(B)
Living with nonrelatives ..	1.8	1.4	2.7	1.4	0.0	0.6	(B)	(B)

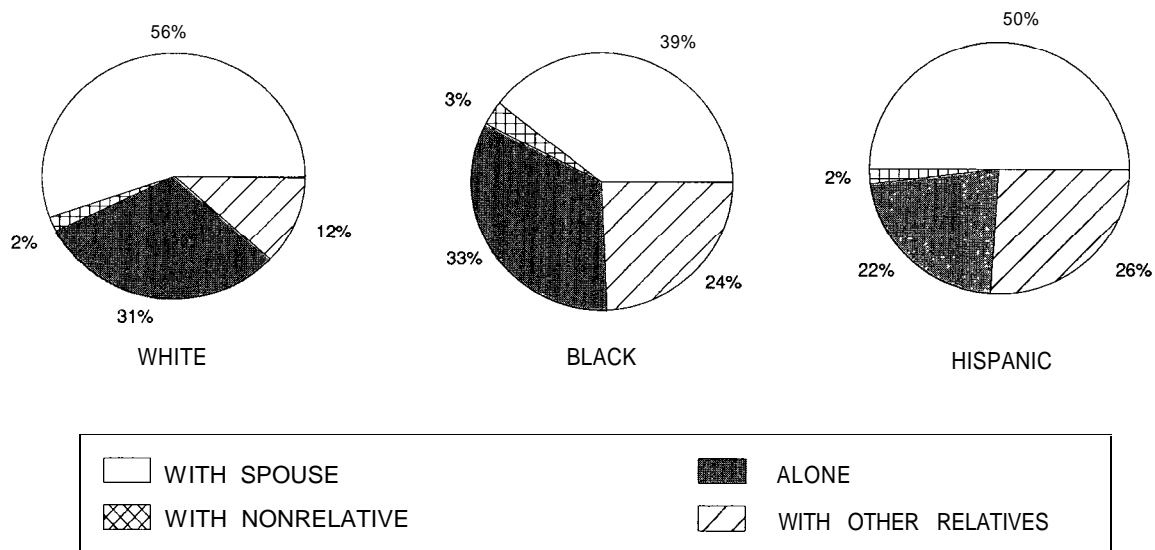
SOURCE: U.S. Bureau of the Census. "Marital Status and Living Arrangements: March 1989." *Current Population Reports* Series P-20, No. 445 (June 1990).

NOTE: Percentage distributions may not add to 100.0 due to rounding.

(B) Base less than 75,000

*People of Hispanic origin may be of any race.

Chart 6-2
LIVING ARRANGEMENTS OF ELDERLY PEOPLE,
BY RACE AND HISPANIC ORIGIN: 1989



SOURCE: U.S. Bureau of the Census. "Marital Status and Living Arrangements: March 1989." *Current Population Reports Series P-20*, No. 445 (June 1990).

NOTE: May not add to 100 percent due to rounding.

EDUCATION

THE EDUCATION GAP BETWEEN OLDER AND YOUNGER PEOPLE IS CLOSING

Although educational attainment of the elderly population is well below that of the younger population, the gap in median school years completed has narrowed somewhat over the last 30 years and is expected to decrease further by the end of this decade. Between 1960 and 1989, the median level of education among the elderly increased from 8.3 years to 12.1 years (table 6-3 and chart 6-3). By the year 2000, the median number of school years completed for people age 65+ is expected to be 12.4 years, compared with 12.8 for people age 25+.³

Table 6-3
SELECTED MEASURES OF EDUCATIONAL ATTAINMENT
FOR PEOPLE AGE 25+ AND 65+: 1950-1989

Year and age group	Percent with:		Median years of school
	High school education	Four or more years of college	
1989*			
25+ years	76.9	21.1	12.7
65+ years	54.9	11.1	12.1
1980			
25+ years	66.5	16.2	12.5
65+ years	38.8	8.2	10.0
1970			
25+ years	52.3	10.7	12.1
65+ years	27.1	5.5	8.7
1960			
25+ years	41.1	7.7	10.5
65+ years	19.1	3.7	8.3
1950			
25+ years	33.4	6.0	9.3
65+ years	17.0	3.4	8.3

SOURCES: U.S. Bureau of the Census. Unpublished data from the March 1989 Current Population Survey.

U.S. Bureau of the Census. "Detailed Population Characteristics," 1980 *Census of Population* PC80-1-D1, United States Summary (March 1984).

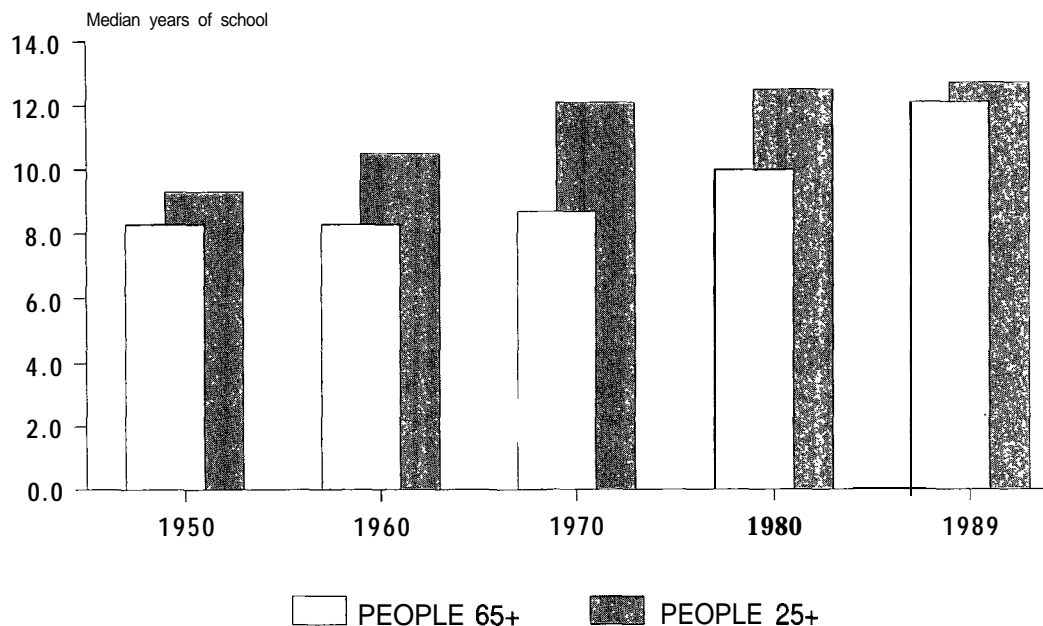
U.S. Bureau of the Census. "Detailed Characteristics." 1970 *Census of Population* PC(1)-D1, United States Summary (February 1973).

U.S. Bureau of the Census. "Characteristics of the Population." 1960 *Census of Population* Volume 1, Part 1, United States Summary, Chapter D (1964).

*Excludes people in institutions.

³U.S. Bureau of the Census. "Demographic and Socioeconomic Aspects of Aging in the United States." *Current Population Reports* Series P-23, No. 138 (August 1984).

Chart 6-3
MEDIAN YEARS OF SCHOOL FOR PEOPLE
25+ AND 65+: 1950-1 989



SOURCES: U. S. Bureau of the Census. Unpublished data from the March 1989 Current Population Survey

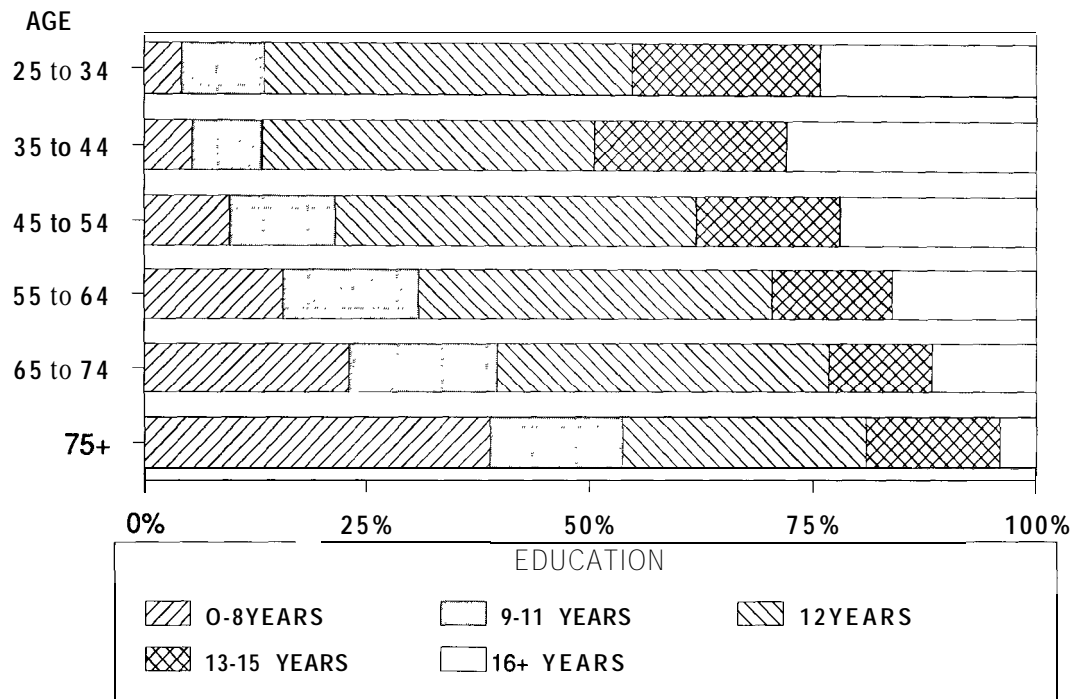
U.S. Bureau of the Census. "Detailed Population Characteristics." *1980 Census of Population* PC80-1-D1, United States Summary (March 1984).

U.S. Bureau of the Census. "Detailed Characteristics." *1970 Census of Population* PC (1)-D1, United States Summary (February 1973).

U.S. Bureau of the Census. "Characteristics of the Population." *1960 Census of Population* Volume 1, Part 1, United States Summary, Chapter D (1964).

In 1989, elderly people were much less likely to have graduated from high school than the entire population age 25+ (chart 6-4). About 55 percent of the population age 65+ were high school graduates, compared with 77 percent of the population age 25+. Likewise, 21 percent of people age 25+ had completed four or more years of college, compared with 11 percent of those age 65+.

Chart 6-4
EDUCATIONAL ATTAINMENT, BY AGE: 1989



SOURCE: U.S. Bureau of the Census. Unpublished data from the March 1989 Current Population Survey.

As illustrated in table 6-4, educational attainment by sex within the older population varies slightly with higher percentages of women completing high school than men. The trend is reversed for college education with slightly higher percentages of older men completing four or more years of college than older women. However, there are large differences between older whites on the one hand, and older blacks and Hispanics on the other. For example, the median years of school completed for white people age 65+ is 12.2 years, while for older blacks it is 8.5 years and for Hispanics it is 8.0 years. In turn, 58 percent of whites age 65+ are high school graduates, while only 25 percent of older blacks and 28 percent of Hispanics are high school graduates.

Table 6-4
MEASURES OF EDUCATIONAL ATTAINMENT, BY AGE
GROUP, SEX, RACE, AND HISPANIC ORIGIN: MARCH 1989
(excludes people in institutions)

Measure of educational attainment and age	Race and Hispanic origin ¹											
	Sex			White			Black			Hispanic origin*		
	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
Median years of school completed:												
25+	12.7	12.8	12.6	12.7	12.8	12.7	12.4	12.4	12.4	12.0	12.0	12.0
60 to 64	12.4	12.5	12.4	12.5	12.5	12.4	10.7	10.6	10.7	9.3	9.6	8.9
65+	12.1	12.1	12.2	12.2	12.2	12.2	8.5	8.1	8.7	8.0	8.1	8.0
65 to 69	12.3	12.3	12.3	12.4	12.4	12.4	9.5	9.1	9.8	8.4	8.5	8.3
70 to 74	12.2	12.2	12.2	12.3	12.3	12.3	8.4	8.2	8.6	8.0	8.1	7.9
75+	10.9	10.5	11.3	11.6	11.1	11.9	7.8	7.0	8.2	7.1	7.0	7.1
Percent with a high school education:												
25+	77	77	77	78	79	78	65	64	65	51	51	51
60 to 64	66	65	67	69	68	71	39	43	37	34	37	31
65+	55	54	56	58	57	59	25	22	26	28	26	29
65 to 69	63	61	65	67	65	68	31	28	33	33	31	35
70 to 74	57	56	58	60	59	62	21	20	22	25	21	29
75+	46	44	48	49	47	50	21	18	23	23	21	24
Percent with four or more years of college:												
25+	21	25	18	22	25	19	12	12	12	10	11	9
60 to 64	14	19	10	15	21	10	5	7	4	6	5	7
65+	11	14	9	12	15	10	5	4	5	6	7	5
65 to 69	13	16	10	13	17	10	5	3	6	9	9	9
70 to 74	11	13	9	11	13	10	3	3	3	3	3	3
75+	10	12	9	11	13	9	6	4	6	4	7	3

SOURCE: U.S. Bureau of the Census. Unpublished data from the March 1989 Current Population Survey.

*People of Hispanic origin may be of any race.

Educational attainment varies slightly by region. For example, in 1987, the median number of school years completed for elderly Westerners was 12.3 years, compared with 11.4 years for elderly Southerners (table 6-5). In addition, 62 percent of elderly Westerners were high school graduates, compared with 47 percent of elderly Southerners.

Table 6-5
EDUCATIONAL ATTAINMENT OF PEOPLE AGE 65+
IN THE UNITED STATES AND BY REGIONS: 1987

Area	Median school years completed	High school graduates (percent)	Four or more years of college (percent)
United States	12.0	51	10
Regions:			
Northeast	12.0	50	10
Midwest	12.0	50	8
South	11.4	47	10
West	12.3	62	13

SOURCE: U.S. Bureau of the Census, "Educational Attainment in the United States: March 1987 and 1986." Current Population *Reports* Series P-20, No. 428 (August 1988) and errata sheet.

Differences by age group in educational attainment are almost entirely due to the "cohort effect." That is, educational attainment is primarily a function of the prevailing attitudes and educational opportunities at a point in time. A population cohort receives most of its formal education during its formative and early adult years and then maintains that level of educational attainment throughout its lifetime.

The elderly population of today received the bulk of its formal education early in this century when educational opportunities were more limited than in recent decades and when the economic structure of the country put less emphasis on schooling. Also, the foreign born, who at that time had much lower levels of literacy and education than the native population, were a much larger proportion of the U.S. population. The strides made in this country in providing universal education, fostering and rewarding college education, and increasing educational opportunities for women and minorities are reflected in the projected rapid increase in educational attainment by the older population in the next few years, when people educated after World War II join the ranks of the older population.

A small number of older people enroll in formal education courses. In October 1988, 140,000 people age 55+ were enrolled in high school or college courses.⁴ Of these enrollees, 102,000 were people age 55 to 64 and 38,000 were age 65+, representing 0.5 percent and 0.1 percent of these age groups, respectively.

Formal schooling is not the only educational opportunity available to older people. Adult education, typically in the form of part-time, noncredit courses taken for pleasure or to enhance one's career interests, is pursued by large numbers of older people. In the year ending May 1984, 23.3 million people 17+ years of age had taken one or more adult education courses. Of these participants, nearly 900,000 (4 percent) were age 65+, and 2.7 million (12 percent) were age 55+.⁵

⁴U.S. Bureau of the Census. "School Enrollment-Social and Economic Characteristics of Students: October 1988 and 1987." *Current Population Reports* Series P-20, No. 443 (April 1990).

⁵U.S. Department of Education, Office of Educational Research and Improvement. "Participation in Adult Education, May 1984." (October 1986).

HOUSING

MOST OLDER PEOPLE ARE ADEQUATELY HOUSED, BUT THOSE WITH LOWER INCOMES HAVE PROBLEMS OBTAINING UNITS THAT ARE AFFORDABLE AND SUITABLE

Of the 93.3 million U.S. households in 1990, 20.2 million (22 percent) were headed by people age 65+.⁶ Older people are a higher percent of householders than of the general population because their average household is smaller.

Housing, while an asset for most older people, represents a serious burden for others. For older homeowners who do not have to budget for a mortgage or rental payments, or who can sell their homes at a profit, housing can be an asset. However, for many elderly people who own older homes, the cost of utilities, real estate taxes, insurance, repair and maintenance can be prohibitive. And, for renters or owners with a mortgage, monthly payments can be a substantial burden.

Housing costs vary dramatically depending on homeownership status and age. The percentage of income spent on housing (excluding maintenance and repairs) in 1987 was higher for older households than for younger households. This held true for homeowners without a mortgage (17.1 percent vs. 9.6 percent), homeowners with a mortgage (26.0 percent vs. 20.8 percent), and renters (36.5 percent vs. 28.3 percent) (table 6-6 and chart 6-5). Housing costs, as defined in this section, include gross rent or mortgage, real estate taxes and insurance for owners, and basic utility costs for all owners and for renters if such costs are not included in their rent.

⁶U.S. Bureau of the Census. "Money Income and Poverty Status in the United States: 1989." Current **Population Reports** Series P-60, No. 168 (September 1990).

Table 6-6
MONTHLY HOUSING COSTS AS A PERCENTAGE OF INCOME,
BY TENURE AND AGE OF HOUSEHOLDER: 1987
(number of housing units in thousands)

Monthly housing costs as percent of income	Specified owner ¹				Specified renter ²	
	With mortgage		Without mortgage		House- holder 65+	House- holder under 65 years
	House- holder 65+	House- holder under 65 years	House- holder 65+	House- holder under 65 years		
Total units	1,511	22,004	9,328	9,381	4,394	25,667
Less than 5 percent	16	198	380	1,211	16	176
5 to 9 percent	111	1,941	1,724	3,761	59	853
10 to 14 percent	202	3,840	1,933	1,979	174	2,418
15 to 19 percent	182	4,414	1,523	898	269	3,566
20 to 24 percent	213	4,001	1,058	469	391	3,685
25 to 29 percent	153	2,611	765	285	633	3,228
30 to 34 percent	149	1,746	520	154	541	2,404
35 to 39 percent	123	969	323	97	378	1,588
40 to 49 percent	130	902	423	163	581	2,134
50 to 59 percent	71	463	201	82	394	1,349
60 to 69 percent	52	258	99	57	293	899
70 percent or more	109	661	379	225	666	3,347
Median percent	26.0	20.8	17.1	9.6	36.5	28.3

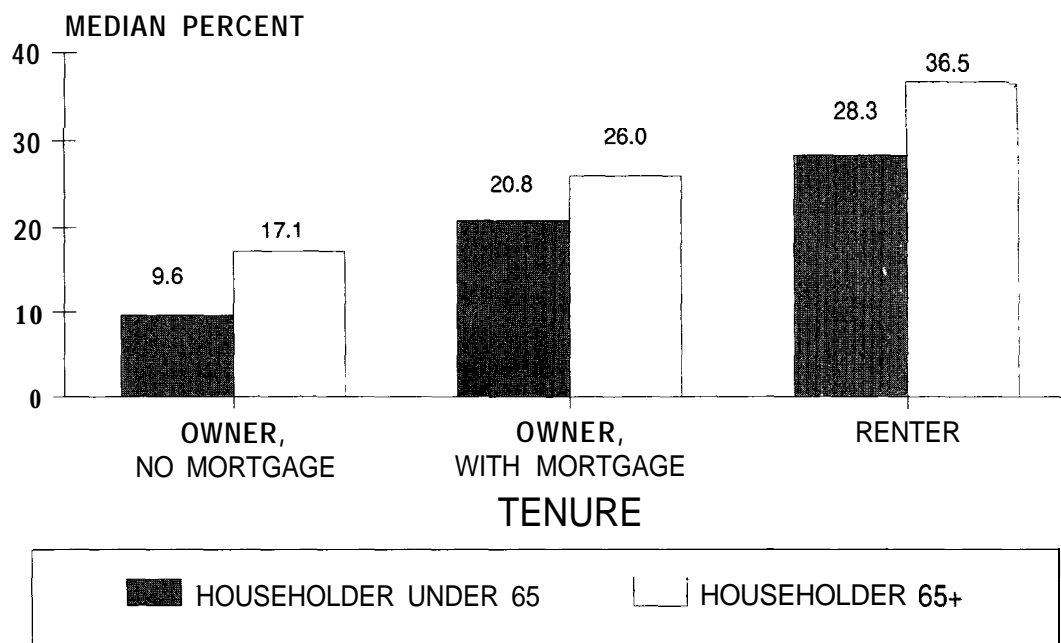
SOURCE: U.S. Bureau of the Census and U.S. Department of Housing and Urban Development. "American Housing Survey for the United States in 1987." Current Housing Reports H-150-87 (December 1989).

NOTE: Data exclude units with zero or negative income, no cash rent, or mortgage payment not reported

¹Limited to one-unit structures on less than 10 acres and no business on property.

²Excludes one-unit structures on 10 acres or more.

Chart 6-5
MONTHLY HOUSING COSTS AS PERCENTAGE OF
INCOME, BY AGE AND TENURE OF
HOUSEHOLDER: 1987



SOURCE: U.S. Bureau of the Census and U.S. Department of Housing and Urban Development. "American Housing Survey of the United States in 1987." *Current Housing Reports* H-150-87 (December 1989).

Based on the standards set by the U.S. Department of Housing and Urban Development (HUD), older households are more likely to have excessive housing costs than are younger households (table 6-7). HUD defines excessive housing costs as more than 40 percent of income for homeowners and 30 percent of income for renters. About 4.3 million older households, representing 28 percent of all older units, fell into this category. Included in this group are 65 percent of all older renters.

Table 6-7
HOUSEHOLDS EXCEEDING HUD STANDARD FOR HOUSING COSTS,
BY AGE AND TENURE OF HOUSEHOLDER: 1987*

Tenure	Householder under 65		Householder 65+	
	Number (thousands)	Percent	Number (thousands)	Percent
Owners without mortgage	527	5.6	1,102	11.8
Owners with mortgage	2,284	10.4	362	24.0
Renters	11,721	45.7	2,853	64.9

SOURCE: U.S. Bureau of the Census and U.S. Department of Housing and Urban Development, "American Housing Survey for the United States in 1987." *Current Housing Reports* Series H-150-87 (December 1989).

NOTE: Data for owner households are limited to one-unit structures on less than 10 acres and no business on property. Data for renter households exclude one-unit structures on 10 acres or more. All data exclude units with zero or negative income, no cash rent, or mortgage payment not reported.

* HUD defines excessive housing cost as more than 40 percent of income for homeowners and 30 percent of income for renters.

HOUSING RENTAL AND OWNERSHIP VARIES BY AGE, SEX, AND LIVING ARRANGEMENTS

Of the 19.9 million households headed by older people in 1989, 76 percent were owner-occupied and 24 percent were rental units.⁷ Among the elderly, however, householders age 75+ in 1987 were more likely to rent than householders 65 to 74 years old (31 percent vs. 21 percent), men were more likely than women to own homes (83 percent vs. 65 percent), and people living alone were more likely to rent than were people who lived with their spouses (38 percent vs. 12 percent).⁸ The 1987 Annual Housing Survey found that 83 percent of owner-occupied elderly houses were owned free and clear.⁹

Over a third (37 percent) of elderly owner-occupied households in 1987 were inhabited by older men or women living alone, but nearly two-thirds (68 percent) of elderly rental units were maintained by older men or women living alone.¹⁰

Of the five million rental housing units occupied by elderly householders in 1987, about 1.7 million (29 percent) were receiving rent reductions by living in public housing developments or housing covered by some form of federal, state, or local government rent subsidy or rent control. Even higher percentages of older black renters (47 percent) and Hispanic renters (40 percent) were receiving rent reductions. Only 17 percent of younger households resided in public or subsidized units.¹¹

⁷U.S. Bureau of the Census. "Homeownership Trends in the 1980's." *Current Housing Reports* Series H-121, No. 2 (December 1990).

⁸U.S. Bureau of the Census and U.S. Department of Housing and Urban Development, "American Housing Survey for the United States in 1987." *Current Housing Reports* Series H-150-87 (December 1989).

⁹Ibid.

¹⁰Ibid.

¹¹Ibid.

THE ELDERLY ARE MOST LIKELY TO LIVE IN OLDER HOMES
OF LOWER VALUE

Homeowners age 65+ are more likely than younger homeowners to live in older homes. In 1987, 43 percent of elderly homeowners lived in housing structures built before 1950, and 15 percent lived in structures built before 1920. By contrast, 25 percent of younger homeowners lived in units built before 1950, and 8 percent lived in units built before 1920. The age of housing for younger renters was similar to that for elderly renters: 37 percent of both age groups lived in structures built before 1950, and 12 percent and 13 percent, respectively, rented units built before 1920.¹²

While age of housing is not necessarily an index of physical condition, it does bear a relationship to size, functional obsolescence, and ease of maintenance. Various housing studies reveal that many older people live in homes that are too large for current family size and need. Many elderly with physical handicaps do not have the funds or the services available to adapt older, larger homes to their physical needs.

Age of housing also affects net worth. The median value in 1987 of all U.S. homes occupied by older homeowners and built before 1950 was \$50,800 compared with \$72,300 for those built after April 1980.¹³ The median value for all elderly owner-occupied housing in 1987 was \$58,900, compared with \$71,300 for housing occupied by younger home owners. The median value for homes owned by older blacks (\$39,700) was considerably less than homes owned by all older people, but the median value of homes owned by older Hispanics (\$65,300) was higher.

¹²Ibid.

¹³Ibid.

**THE MAJORITY OF POOR FAMILIES WITH
AN AGED MEMBER LIVE IN PRIVATE HOUSING**

Table 6-8 shows housing tenure for poor and nonpoor aged families and unrelated individuals. The table shows that the majority of elderly people own their own homes or live with relatives who own their own homes-regardless of poverty status or living arrangements. Almost 1 in 4 (23 percent) poor, aged, unrelated individuals reported living in publicly supported housing (either public housing or rent subsidized housing). In contrast, about 8 percent of aged, nonpoor, unrelated individuals lived in publicly supported housing.

Table 6-8
HOUSING TENURE OF AGED FAMILIES AND UNRELATED INDIVIDUALS,
BY POVERTY STATUS: 1988

Family and poverty status	Total (thousands)	Percent distribution					
		Total	Own housing	No cash rent	Rent housing		
					Total	Publicly supported	Not publicly supported
Families with any member age 65+	12,365	100.0	86.4	1.1	12.5	1.9	10.6
Below poverty level in 1987....	874	100.0	67.8	3.6	28.6	8.7	19.9
Above poverty level in 1987...	11,492	100.0	87.8	1.0	11.2	1.3	9.9
Unrelated individuals	9,330	100.0	60.8	3.6	35.6	11.9	23.7
Below poverty level in 1987....	2,241	100.0	50.5	4.9	44.6	23.3	21.4
Above poverty level in 1987...	7,089	100.0	64.0	3.2	32.8	8.3	24.5

SOURCE: March 1988 Current Population Survey, unpublished data.

A SIGNIFICANT NUMBER OF ELDERLY PEOPLE LIVE IN INADEQUATE HOUSING AND DO NOT HAVE TELEPHONES

Among housing units with householders 65+, the 1987 American Housing Survey found that 1.3 million units (7 percent) had “physical problems.”¹⁴ Such units are defined as having specified flaws in one or more of six areas: plumbing, kitchen, maintenance of physical structure, public hall/common area, heating, and electrical systems. Older blacks (23 percent) and Hispanics (15 percent) were much more likely than whites and other races (5 percent) to live in units with physical problems, as were older renters (9 percent) vs. owners (6 percent), older rural householders (10 percent) vs. urban (5 percent), older householders in units built before 1950 (11 percent) vs. newer units (4 percent), and older poor households (17 percent) vs. nonpoor households (4 percent).

Telephones are an important link for everyone, particularly for elderly people who live alone. Data from the 1987 American Housing Survey show that elderly renters are much more likely to be without a telephone than older homeowners.¹⁵ Nine percent of older renters were without telephones in 1987, while only 3 percent of older homeowners had no phones. Only 3 percent of white householders and householders of other races were without phones, compared with 10 percent and 9 percent, respectively, of their black and Hispanic counterparts. Older poor households were three times more likely than older nonpoor households to have no telephone available (9 percent vs. 3 percent).

¹⁴Ibid.

¹⁵Ibid.

VOTING

In 1988, almost 20 million (19 percent) of the 102 million Americans who reported voting in that year's election were age 65+ (table 6-9). The percentage of older people who report having voted has consistently increased in the past three presidential elections (1980, 1984, and 1988) and the last two mid-term elections, while the trend for voters of all ages has been the opposite.

People in the 55 to 64 and 65 to 74 age groups participate more in elections than other age groups (chart 6-6) . In fact, the percentages of each of these two age groups voting in the 1988 election were more than twice that of the 18 to 20 age group. Voting participation declines for the 75+ age group; but it is interesting that in the last five elections, this group was still more likely to vote than those younger than 35.

Table 6-9
NUMBER AND PERCENTAGE OF PEOPLE WHO REPORTED VOTING
IN NATIONAL ELECTIONS, BY AGE GROUP: 1980-1988
(numbers in thousands-excludes people in institutions)

Age group	1980		1982		1984		1986		1988	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
18+.....	93,066	59.2	80,310	48.5	101,878	59.9	79,954	46.0	102,224	57.4
18 to 20.....	4,387	35.7	2,390	19.8	4,131	36.7	1,993	18.6	3,570	33.2
21 to 24.....	6,838	43.1	4,749	28.4	7,276	43.5	3,789	24.2	5,684	38.3
25 to 34.....	19,498	54.6	15,667	40.4	21,978	54.5	14,720	35.1	20,468	48.0
35 to 44.....	16,460	64.4	14,676	52.2	19,514	63.5	16,283	49.3	21,550	61.2
45 to 54.....	15,174	67.5	13,350	60.1	15,035	67.5	12,544	54.8	16,170	66.6
55 to 64.....	15,031	71.3	14,141	64.4	15,889	72.1	13,761	62.7	14,964	69.3
65+.....	15,677	65.1	15,336	59.9	18,055	67.7	16,865	60.9	19,818	68.8
65 to 74.....	10,622	69.3	10,312	64.8	11,761	71.8	11,117	65.1	12,840	73.0
75+.....	5,055	57.6	5,024	51.9	6,294	67.7	5,748	54.0	6,978	62.2

SOURCES: U.S. Bureau of the Census. "Voting and Registration in the Election of November 1980." *Current Population Reports Series P-20*, No. 370 (April 1982).

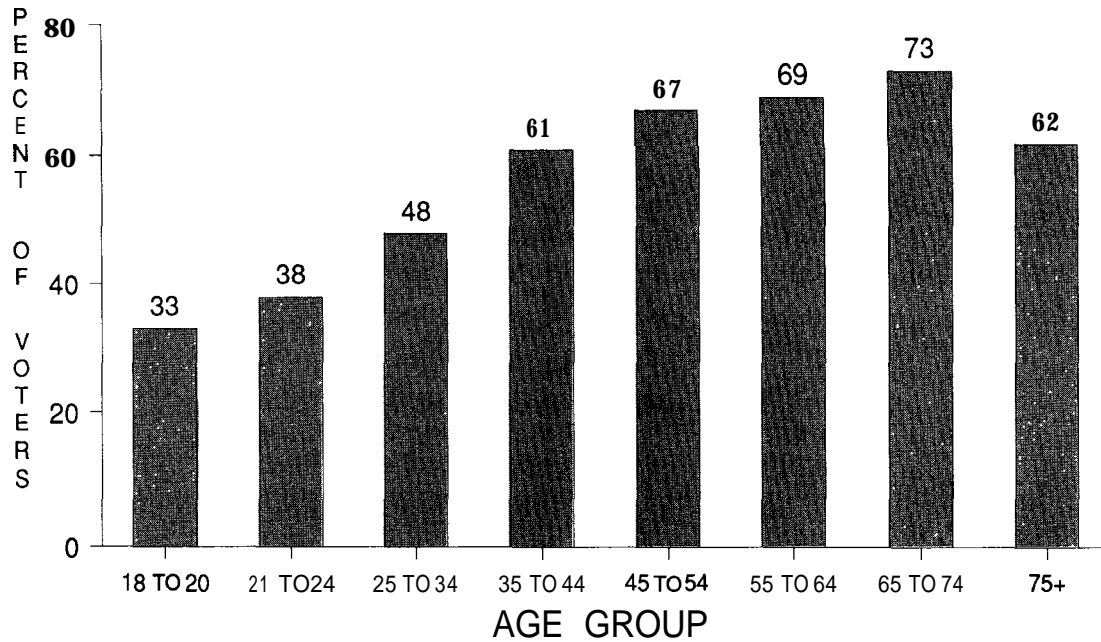
U.S. Bureau of the Census. "Voting and Registration in the Election of November 1982." *Current Population Reports Series P-20*, No. 383 (November 1983).

U.S. Bureau of the Census. "Voting and Registration in the Election of November 1984." *Current Population Reports Series P-20*, No. 405 (March 1986).

U.S. Bureau of the Census. "Voting and Registration in the Election of November 1986." *Current Population Reports Series P-20*, No. 414 (September 1987).

U.S. Bureau of the Census. "Voting and Registration in the Election of November 1988." *Current Population Reports Series P-20*, No. 440 (October 1989).

Chart 6-6
PERCENT WHO REPORTED VOTING,
BY AGE GROUP: 1988



SOURCE: U.S. Bureau of the Census. "Voting and Registration in the Election of November 1988." *Current Population Reports* Series P-20, No. 440 (October 1989).

As in previous elections, older men were more likely to report voting in 1988 than were older women, and older whites were more likely to have voted than older blacks and Hispanics (table 6-10). At the extremes, white men 65 to 74 years old were more than twice as likely to have reported voting in the 1988 election than were Hispanic women age 75+ (76 percent vs. 29 percent).

Table 6-10
 PERCENT OF OLDER PEOPLE WHO REPORTED VOTING IN ELECTIONS,
 BY AGE, SEX, RACE, AND HISPANIC ORIGIN: 1984, 1986, and 1988
 (excludes people in institutions)

Race & Hispanic origin	65 to 74 years		75+	
	Men	Women	Men	Women
1984 Election				
Total.....	73.9	70.2	68.3	57.2
White.....	75.0	71.2	69.6	57.8
Black.....	65.9	57.9	64.0	55.0
Hispanic*	49.7	44.6	30.3	29.2
1986 Election				
Total.....	68.7	62.2	63.1	48.8
White.....	70.1	63.3	64.2	49.5
Black.....	58.9	55.8	52.1	43.9
Hispanic*	43.7	35.8	32.6	30.9
1988 Election				
Total.....	75.0	71.5	70.2	57.5
White.....	75.9	72.1	71.9	58.7
Black.....	68.5	70.2	59.4	49.9
Hispanic*	52.0	48.2	53.1	29.1

SOURCES: U.S. Bureau of the Census. "Voting and Registration in the Election of November 1984." *Current Population Reports* Series P-20, No. 405 (March 1980).

U.S. Bureau of the Census. "Voting and Registration in the Election of November 1986." *Current Population Reports* Series P-20, No. 414 (September 1987).

U.S. Bureau of the Census. "Voting and Registration in the Election of November 1988." *Current Population Reports* Series P-20, No. 440 (October 1989).

*People of Hispanic origin may be of any race.

VOLUNTEERING

Volunteer programs offer older Americans a wide variety of opportunities to utilize their skills in service to their community while broadening their social contacts. A recent survey found that 9.4 million people age 55+ and 4.9 million people age 65+ did some unpaid volunteer work in the previous year (table 6-11). The 65+ volunteers represented about one of every six older Americans. Older men were about as likely as older women to do volunteer work (16 percent vs. 18 percent).

Table 6-11
CHARACTERISTICS OF UNPAID VOLUNTEER WORKERS, BY AGE GROUP: MAY 1989
(numbers of people in thousands)

Characteristic	Age		
	16+	55-64	65+
Both sexes, total.....	186,181	21,373	29,153
Unpaid volunteers.....	38,042	4,455	4,934
As % of total	20.4	20.8	16.9
Men, total.....	88,656	10,053	12,135
Unpaid volunteers.....	16,681	1,987	1,917
As % of total	18.8	19.8	15.8
Women, total	97,525	11,320	17,017
Unpaid volunteers.....	21,361	2,468	3,016
As % of total	21.9	21.8	17.7
Unpaid volunteers, total.....	38,042	4,455	4,934
Percent	100.0	100.0	100.0
Type of organization for which work was performed:			
Hospital or other health organization.....	10.4	12.4	17.8
School or other educational institution.....	15.1	6.7	4.3
Social or welfare organization	9.9	10.9	14.5
Civic or political organization.....	13.2	16.1	11.1
Sport or recreation organization	7.8	2.5	1.8
Church or other religious organization.....	37.4	45.7	43.3
Other organizations	6.3	5.7	7.2
Hours worked per week:			
Less than 5 hours.....	60.0	58.9	53.6
5 to 9 hours.....	19.9	19.9	23.8
10 to 19 hours.....	10.8	11.7	11.0
20 to 34 hours.....	5.8	6.1	7.4
35 hours and over.....	3.6	3.4	4.2
Median hours worked	4.3	4.4	4.7
Weeks worked per year:			
Less than 5 weeks.....	20.2	17.5	14.4
5 to 14 weeks	21.2	18.8	16.6
15 to 26 weeks	14.4	12.8	14.8
27 to 49 weeks	15.9	15.9	16.9
50 to 52 weeks	28.3	35.1	37.2
Median weeks worked	25.2	30.5	34.9

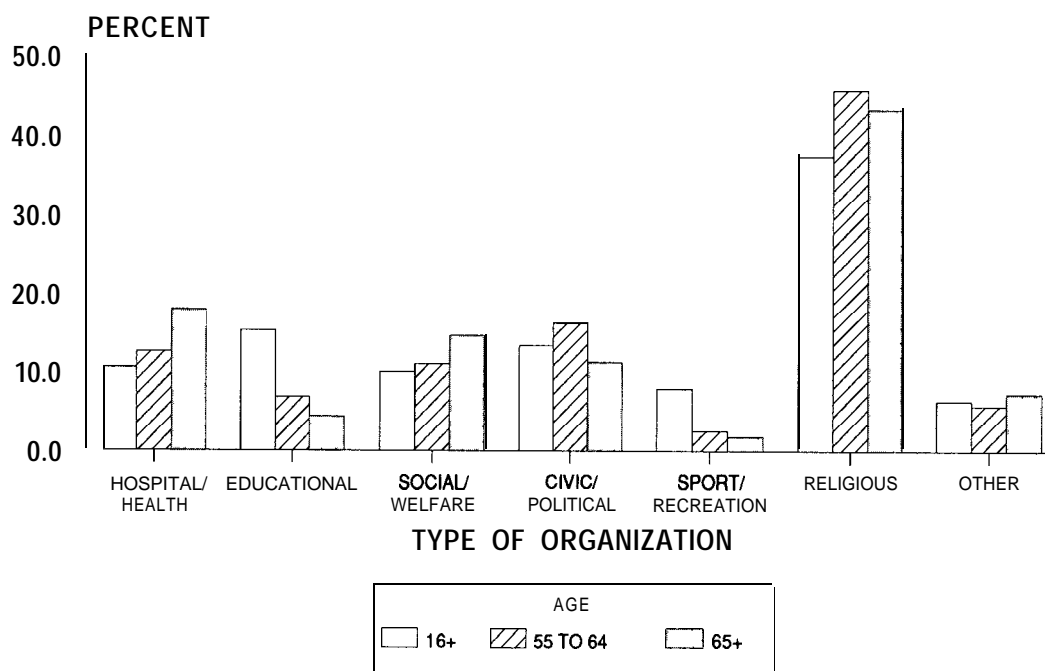
SOURCE: U.S. Department of Labor, Bureau of Labor Statistics. "Thirty-Eight Million Persons Do Volunteer Work." Press Release USDL 90-154 (March 29, 1990). Data are from May 1989 Current Population Survey.

NOTE: Data exclude people in institutions.

For this survey, volunteers are defined as people who performed unpaid work for organizations such as a church, a school, or a civic organization. People who did work on their own, such as helping a neighbor, are not included.

The most common organizations for which older volunteers worked were churches and other religious organizations. More than 2 of every 5 older volunteers (43 percent) performed most of their work for such organizations (chart 6-7). On average, older volunteers worked more hours per week than did volunteers age 16+ (4.7 hours vs. 4.3 hours) and also performed volunteer work more weeks of the year (35 weeks vs. 25 weeks).

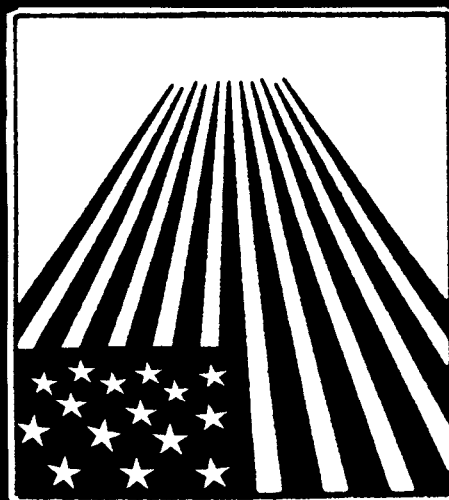
Chart 6-7
TYPE OF ORGANIZATION FOR WHICH
VOLUNTEER WORK WAS PERFORMED,
BY AGE GROUP: MAY 1989



SOURCE: U.S. Department of Labor, Bureau of Labor Statistics. "Thirty-Eight Million Persons Do Volunteer Work." Press Release USDL 90-154 (March 29, 1990). Data are from May 1989 Current Population Survey.

Chapter 7

Elderly People Who Live Alone



Elderly People Who Live Alone

Elderly people living alone comprise close to one-third (30.5 percent) of all older people; in 1989, 8.9 million Americans age 65+ lived alone. Among people 85+, almost half (47 percent) live alone, a trend that is expected to continue into the next century.

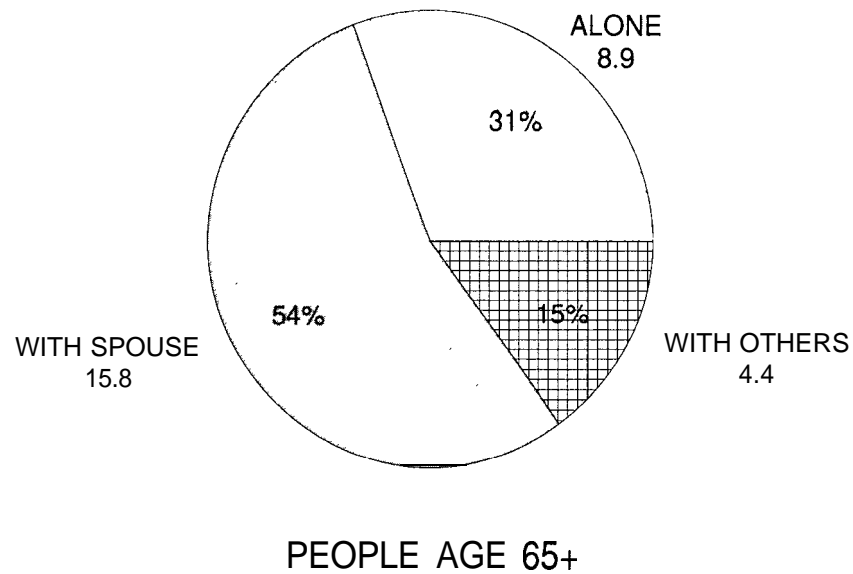
Older people who live alone constitute one of the most vulnerable and impoverished segments of American society. They have lower incomes than older couples, particularly if they are women, members of minority groups, or age 85+. Older people who live alone are predominantly women, and, with advancing age, the likelihood of living alone increases markedly.

Many elderly people who live alone have chronic health problems that make it difficult for them to remain independent. While family and friends provide a great deal of assistance with daily activities, many frail, older individuals who live alone have no one to help them. Such people either receive no services, or must rely entirely on paid assistance or formal social service programs. The provision of adequate services and care to the elderly who live alone represents an enormous challenge to our nation's long-term care system.

LIVING ARRANGEMENTS OF THE ELDERLY

Among people age 65+, 31 percent live alone; 54 percent are married and live with their spouses; and the remaining 15 percent reside with others-including children, relatives, or friends (chart 7-1).

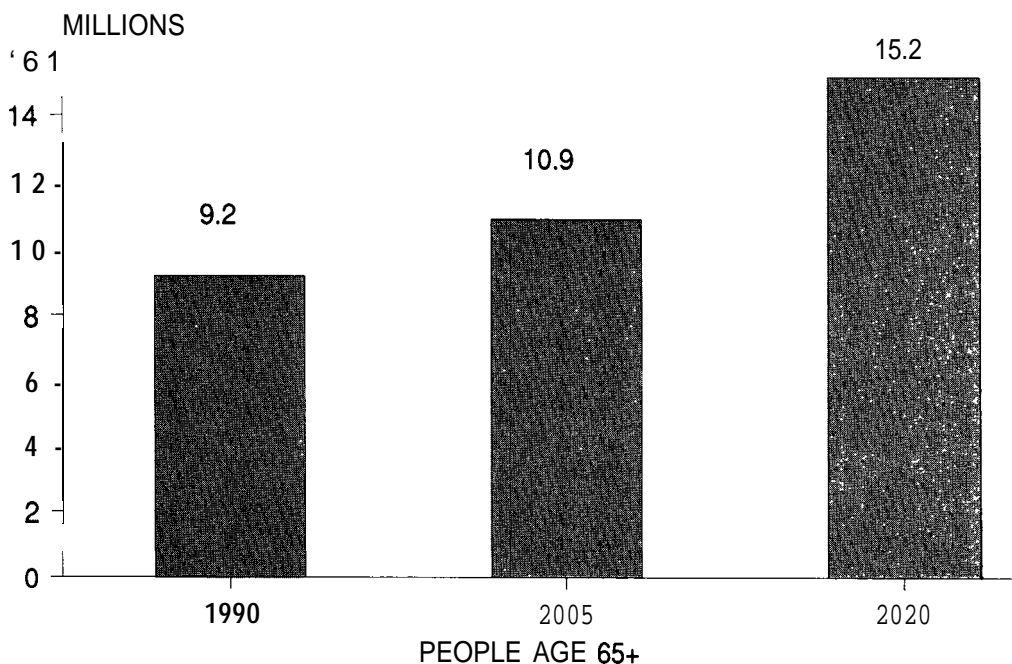
Chart 7-1
LIVING ARRANGEMENTS OF PEOPLE AGE 65+: 1969
(numbers in millions)



SOURCE: U.S. Bureau of the Census. "Marital Status and Living Arrangements; March 1989." *Current Population Reports*, Series P-20. No. 445 (June 1990).

While the percentage of elderly people who live alone is projected to remain stable, their numbers will grow dramatically. Projections for the year 2020 indicate that the number of people age 65+ who live alone will grow to 15.2 million (chart 7-2).

Chart 7-2
PROJECTED INCREASE IN NUMBER OF PEOPLE 65+ LIVING ALONE: 1990-2020



SOURCE: Lewin/ICF estimates based on data from the *Current Population Survey* and the *Brookings/ICF Long-Term Care Financing Model* (1990).

Women accounted for almost four-fifths (78 percent) of all elderly people living alone in 1989. Whereas older men are almost five times more likely to live with a spouse than live alone, nearly equal numbers of women age 65+ live alone and with spouses. With increasing age, older men continue to be more likely to live with a spouse than to live alone. Older women, however, become more likely beyond the age of 74 to live alone (table 7-1).

Table 7-1
LIVING ARRANGEMENTS OF PEOPLE AGE 65+: 1989
(noninstitutional population)

Living arrangement and age	Number (thousands)			Percent distribution		
	Total	Men	Women	Total	Men	Women
65+	29,022	12,078	16,944	100.0	100.0	100.0
Living-						
Alone	8,851	1,916	6,935	30.5	15.9	40.9
With spouse	15,773	8,977	6,796	54.3	74.3	40.1
With other relatives	3,797	927	2,870	13.1	7.7	16.9
With nonrelatives only	601	258	343	2.1	2.1	2.0
65 to 74 years	17,747	7,880	9,867	100.1	100.0	100.0
Living-						
Alone	4,355	1,045	3,310	24.5	13.3	33.5
With spouse	11,252	6,176	5,075	63.4	78.4	51.4
With other relatives	1,832	502	1,331	10.3	6.4	13.5
With nonrelatives only	308	157	151	1.7	2.0	1.5
75 to 84 years	9,175	3,506	5,669	100.0	100.0	100.0
Living-						
Alone	3,509	645	2,864	38.2	18.4	50.5
With spouse	4,060	2,468	1,593	44.3	70.4	28.1
With other relatives	1,386	305	1,080	15.1	8.7	19.1
With nonrelatives only	220	88	132	2.4	2.5	2.3
85+	2,101	693	1,408	100.0	100.0	100.0
Living-						
Alone	987	226	760	47.0	32.6	54.0
With spouse	462	334	128	22.0	48.2	9.1
With other relatives	579	121	459	27.6	17.5	32.6
With nonrelatives only	73	12	61	3.5	1.7	4.3

SOURCE: US. Bureau of the Census. "Marital Status and Living Arrangements: March 1989." *Current Population Reports*, Series P. 20, No. 445 (June 1990).

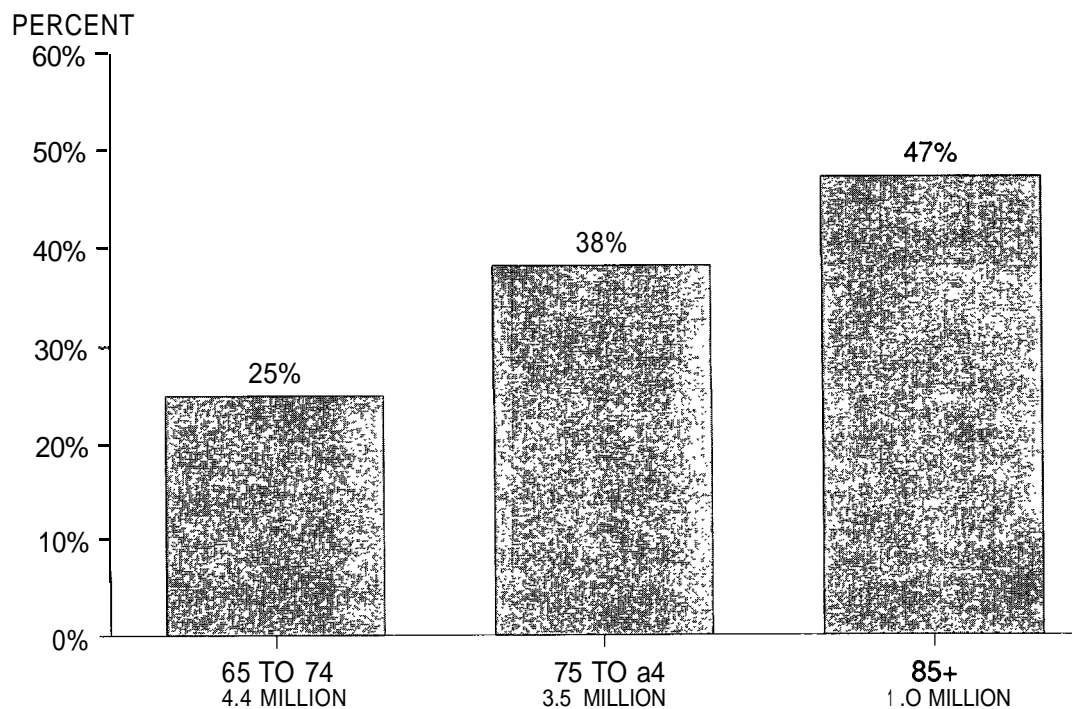
NOTE: Numbers and percentages may not add to totals due to rounding.

LIVING ALONE INCREASES WITH AGE

The percentage of elderly people who live alone increases steadily with age. Whereas just 24.5 percent of people age 65 to 74 live alone, among those age 75 to 84, 38.2 percent live alone, and close to half (47 percent) of people age 85+ live alone (chart 7-3). By the year 2020, the number of people age 85+ living alone is projected to more than double—to 2.3 million (chart 7-4).

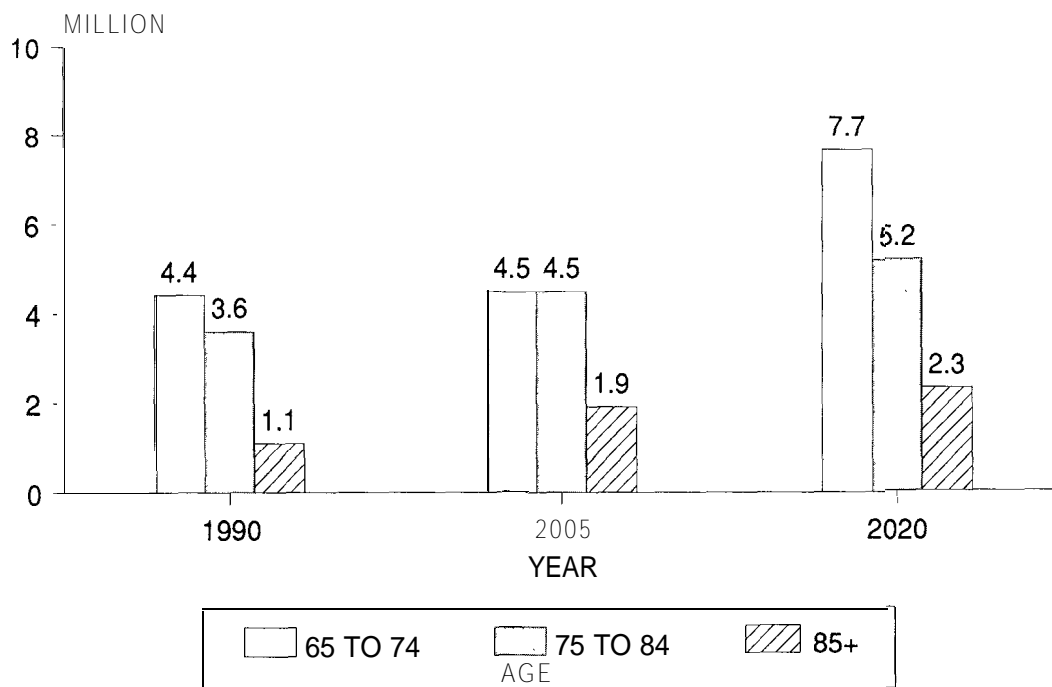
Chart 7-3

PROPORTION OF OLDER PEOPLE LIVING ALONE INCREASES WITH AGE: 1989



SOURCE: U.S. Bureau of the Census. "Marital Status and Living Arrangements: March 1989." *Current Population Reports*, Series P-20, No. 445 (June 1990).

Chart 7-4
PROJECTED INCREASE IN NUMBER OF ELDERLY PEOPLE LIVING ALONE, BY AGE: 1990-2020

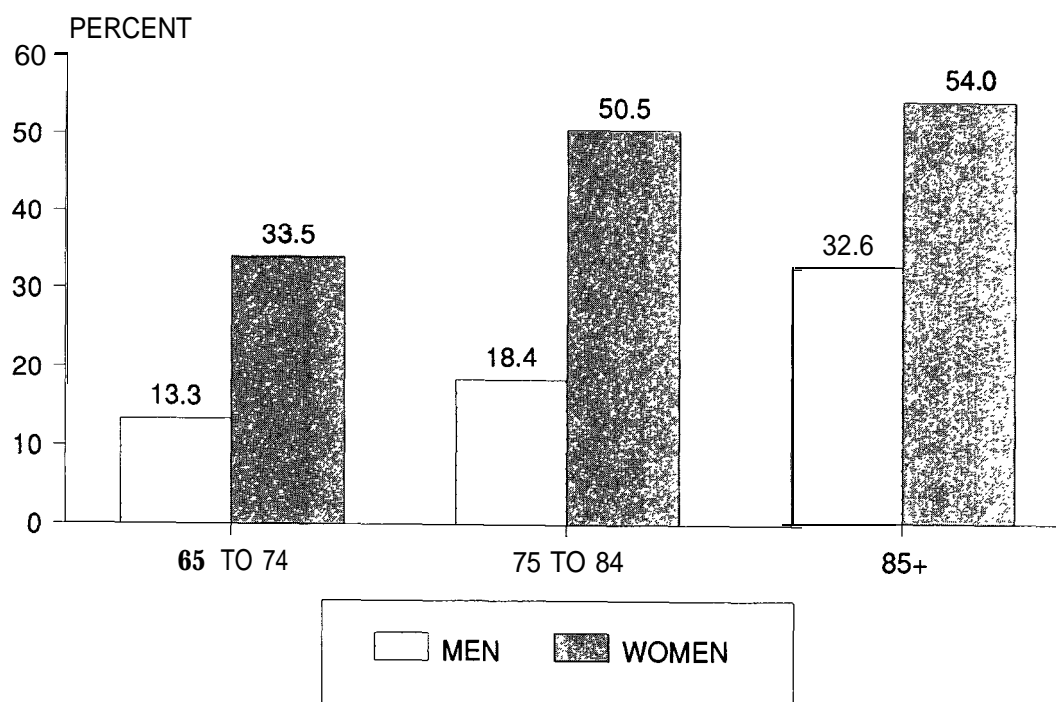


SOURCE: Lewin/ICF estimates based on data from the *Current* Population Survey and the Brookings/ICF Long-Term Care Financing Model (1990).

WOMEN ARE MORE LIKELY TO LIVE ALONE

At every age, older women are far more likely to live alone than are men (chart 7-5). More than 6.9 million women age 65+ live alone, compared with just 1.9 million men. Women are more likely to be living alone because married men often die before their wives do. Moreover, widowed and divorced men are more likely to remarry than are women.

Chart 7-5
OLDER PEOPLE LIVING ALONE, BY AGE AND SEX: 1989

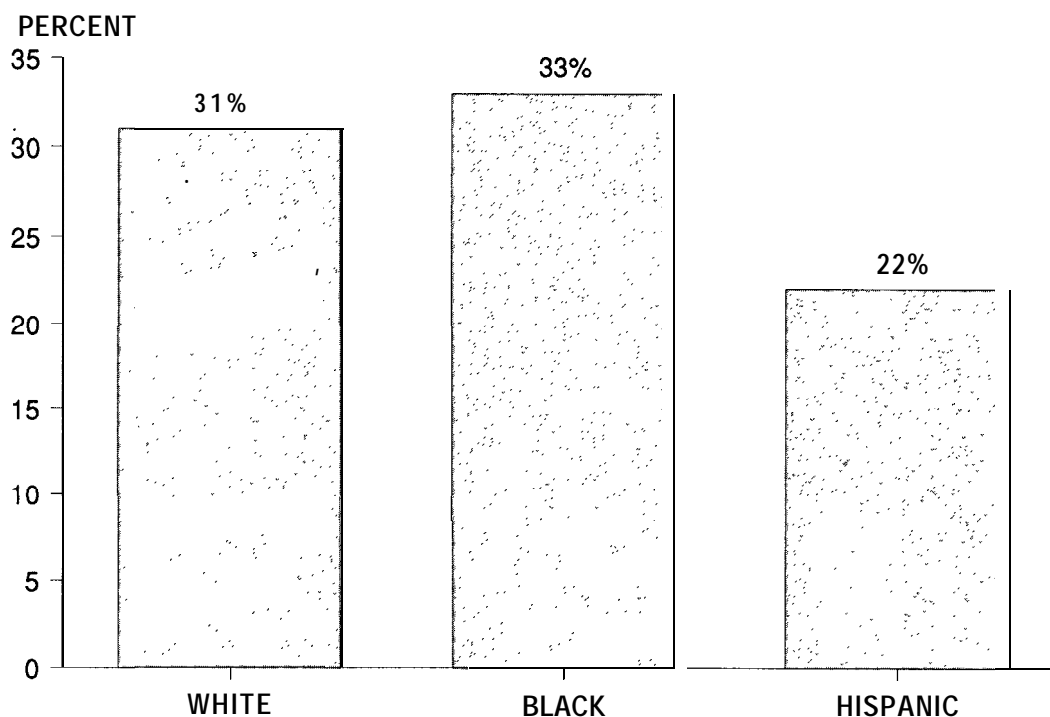


SOURCE: U.S. Bureau of the Census, "Marital Status and Living Arrangements: March 1989." Current *Population Reports*, Series P-20, No. 445 (June 1990).

LIVING ALONE, BY RACIAL OR ETHNIC ORIGIN

Whereas white and black people age 65+ are about equally likely to live alone, a smaller proportion of older Hispanics live alone (chart 7-6). The number of elderly black and Hispanic people who live alone is relatively small—approximately 813,000 blacks and some 221,000 Hispanics. About 8.0 million older whites live alone.

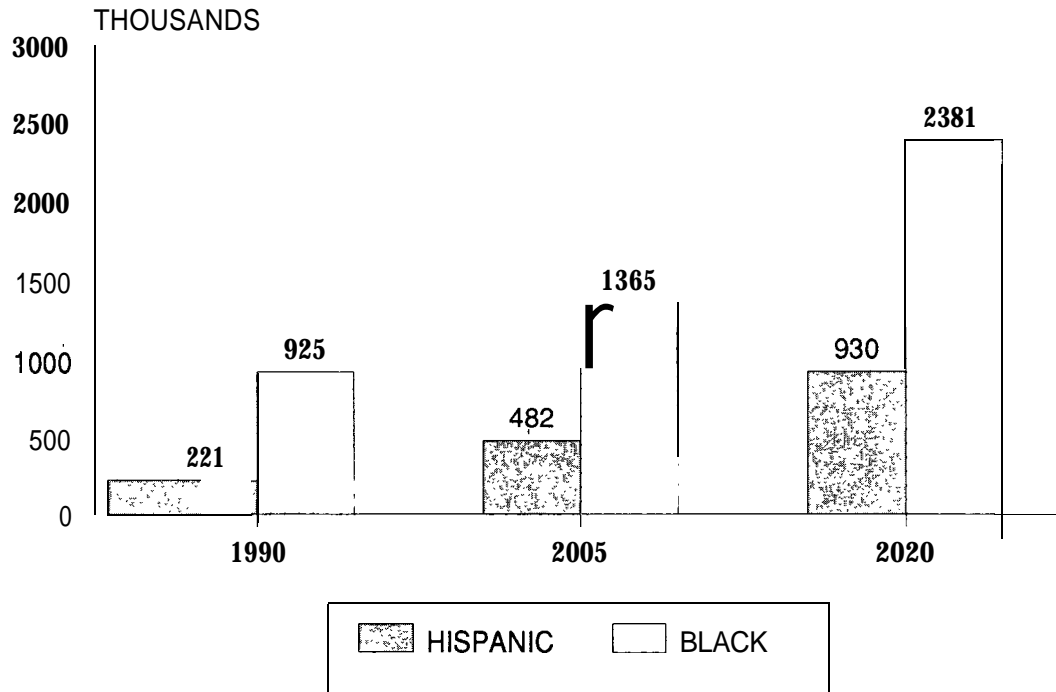
Chart 7-6
PERCENT OF ELDERLY PEOPLE LIVING ALONE, BY RACE AND HISPANIC ORIGIN: 1989



SOURCE: U.S. Bureau of the Census. "Marital Status and Living Arrangements: March 1989" Current Population Reports, Series P-20, No. 445 (June 1990).

The increase in the older population is occurring more rapidly among minorities than among whites. As part of this trend, the number of older minorities who live alone is projected to grow rapidly in the future. The number of Hispanics age 65+ who live alone is expected to more than quadruple by the year 2020—to more than 900,000 (chart 7-7). Among older blacks, the number living alone is expected to triple—to 2.4 million individuals.

Chart 7-7
PROJECTED GROWTH IN NUMBER OF MINORITY ELDERLY PEOPLE LIVING ALONE: 1990-2020



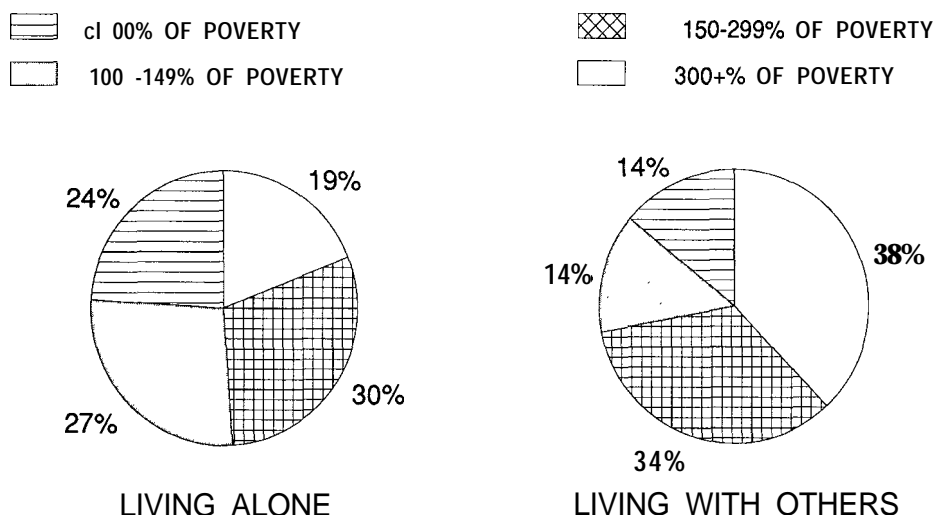
SOURCE: Lewin/ICF estimates based on data from the *Current Population Survey* and the Brookings/ICF Long-Term Care Financing Model (1990).

MANY WHO LIVE ALONE ARE POOR

The economic status of elderly people who live alone is markedly lower than that of the elderly who live with others. For example, **24** percent of elderly people living alone are poor, compared with 14 percent of those who live with others (chart 7-8). An additional 27 percent of elderly people living alone have incomes between 100 percent and 149 percent of poverty. For elderly people who live with others, the percentage with incomes between 100 percent and 149 percent of poverty is 14 percent. And, while just 19 percent of older people who live alone have incomes in excess of 300 percent of the poverty threshold, 38 percent of elderly people who live with others have incomes at this level.

NOTE: The income calculations for elderly people who live with others were derived as follows: for those who live with a spouse, the income of the married couple was considered as a single unit and compared to the two-person poverty threshold; for *single* people who live with others, only the income of that individual was considered, and it was compared with the one-person poverty threshold. These calculations yield a higher incidence of poverty than do those that consider total household income of *single* people who live with others.

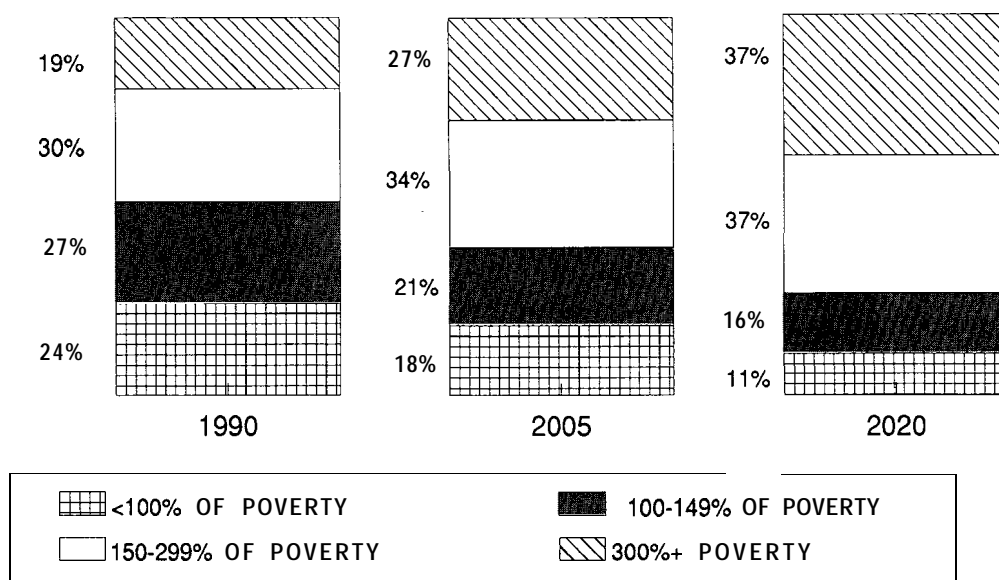
Chart 7-8
ECONOMIC STATUS OF PEOPLE 65+ LIVING ALONE OR WITH OTHERS: 1990



SOURCE: Lewin/ICF estimates based on data from the *Current Population Survey* and the Brookings/ICF Long-Term Care Financing Model (1990).

Projections for the future indicate that fewer elderly people will have low incomes. For those who live alone, the proportion with incomes below poverty is expected to decline to 11 percent by the year 2020, whereas the proportion with incomes above 300 percent of poverty will almost double to 37 percent (chart 7-9). Among older people who live with others, the percentage below poverty is projected to decline to just 6 percent by the year 2020, and 62 percent are projected to have incomes in excess of 300 percent of the poverty threshold.

Chart 7-9
PROJECTED ECONOMIC STATUS
OF ELDERLY PEOPLE LIVING ALONE: 1990-2020

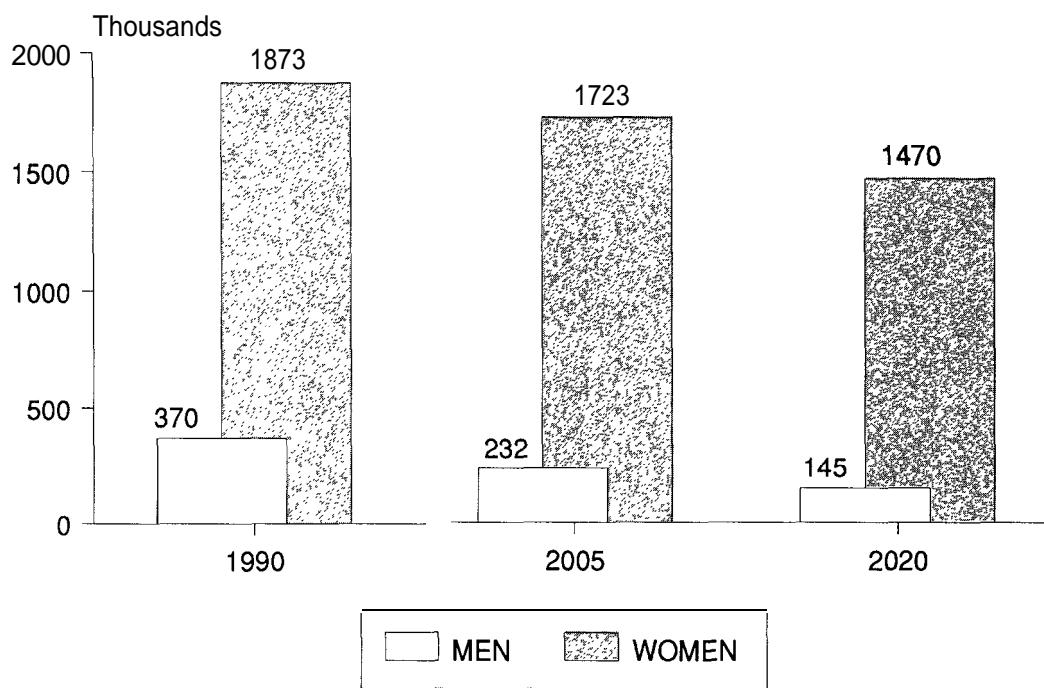


SOURCE: Lewin/ICF estimates based on data from the Current *Population Survey* and the Brookings/ICF Long-Term Care Financing Model (1990)

NOTE: May not add to 100 percent due to rounding.

The economic status of older men is expected to improve much more rapidly than that of women. For example, the poverty rate among older women who live alone is projected to decrease 54 percent by the year 2020 (from 26 percent in 1990 to 12 percent by 2020); among older men who live alone the poverty rate is projected to decline by 79 percent (from 19 percent in 1990 to 4 percent by 2020) (chart 7-10). Today, there are five times as many older women living alone below the poverty threshold as there are men. By the year 2020, poor older women living alone will outnumber similarly-situated men by a factor of ten.

Chart 7-10
NUMBER OF ELDERLY PEOPLE LIVING ALONE BELOW POVERTY, BY SEX: 1990-2020

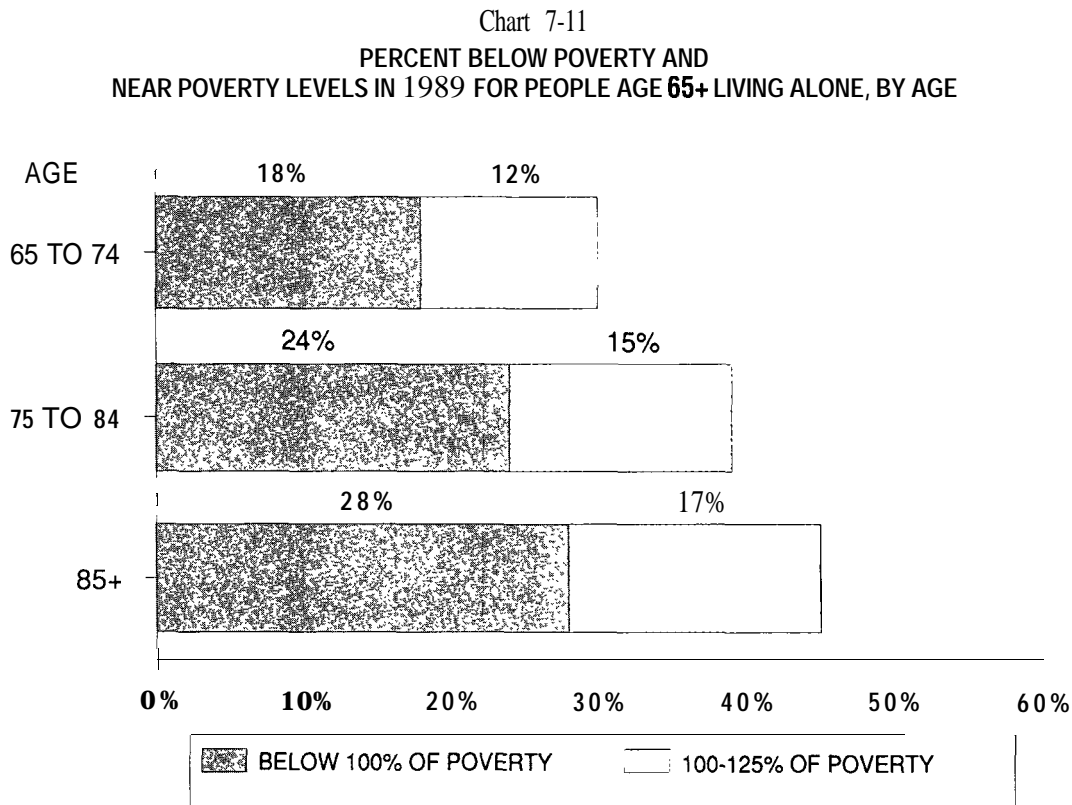


SOURCE: Lewin/ICF estimates based on data from the *Current Population Survey* and the Brookings/ICF Long-Term Care Financing Model (1990).

Despite the overall anticipated improvement in the economic status of older people, by 2020 it is projected that more than 2 in 5 (41 percent) of elderly people living alone will continue to be economically vulnerable—that is, they will have incomes below 200 percent of the poverty threshold.

THE RATE OF POVERTY INCREASES WITH AGE

Nearly half (45 percent) of people age 85+ who live alone are poor or near-poor; that is, they have incomes below 125 percent of the poverty threshold (Chart 7-11). Approximately 492,000 people fall into this category. Among other age groups, 30 percent of those age 65 to 74 are poor or near-poor (1.3 million individuals), and 39 percent of those age 75 to 84 are poor or near-poor (1.5 million people).

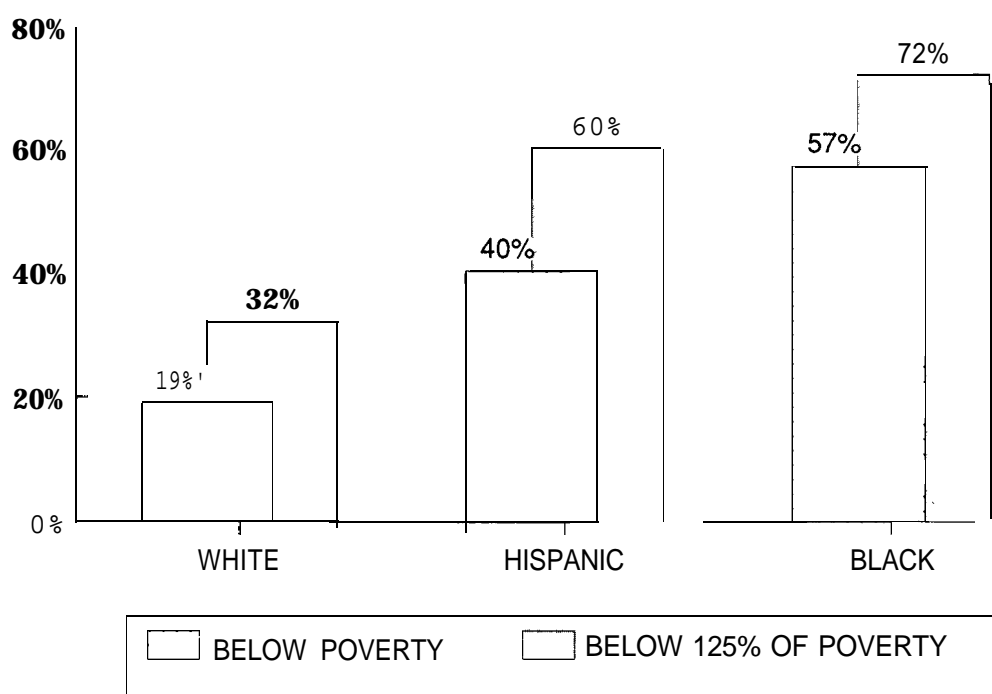


SOURCE: Bureau of the Census, 1990. Unpublished data prepared by Fu Associates.

MOST MINORITIES WHO LIVE ALONE ARE POOR OR NEAR-POOR

More than half of older blacks (57 percent) and two-fifths of older Hispanics (40 percent) who live alone have incomes below the federal poverty threshold (chart 7-12). By contrast, just 19 percent of older whites who live alone are poor. Moreover, most older minorities who live alone are near-poor, with incomes below 125 percent of poverty.

Chart 7-12
PERCENT BELOW POVERTY AND NEAR-POVERTY LEVELS IN 1989
FOR PEOPLE AGE 65+ LIVING ALONE, BY RACE



SOURCE: Bureau of the Census, 1990. Unpublished data prepared by Fu Associates.

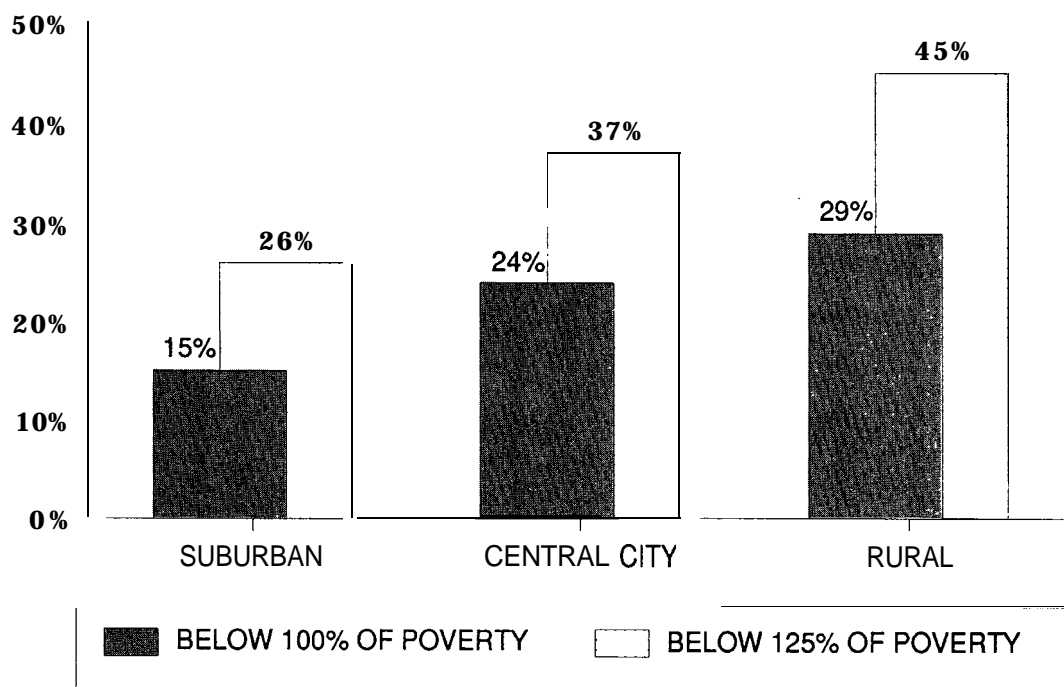
Some 559,000 older blacks who live alone (72 percent) have incomes below 125 percent of poverty. Of older Hispanics who live alone, 135,000 (60 percent) have incomes below 125 percent of poverty. Among older whites living alone, 2.7 million (32 percent) have incomes below 125 percent of poverty.

POVERTY AMONG RURAL ELDERLY PEOPLE WHO LIVE ALONE

Of all elderly people who live alone, those who reside in rural areas have the highest rates of poverty and near-poverty. While 26 percent of older people who live alone in suburban areas have incomes below 125 percent of the poverty threshold, 37 percent of those in central cities are poor or near-poor, and 44.6 percent of people living alone in rural areas have incomes below 125 percent of poverty (chart 7-13).

NOTE: In this section, type of residence is based on metropolitan statistical areas (MSAs) as defined by the U.S. Office of Management and Budget. "Suburban" refers to those portions of MSAs outside central cities, and "rural" refers to nonmetropolitan areas.

Chart 7-13
PERCENT BELOW POVERTY AND NEAR-POVERTY
LEVELS IN 1989 FOR PEOPLE AGE 65+, BY
TYPE OF RESIDENCE

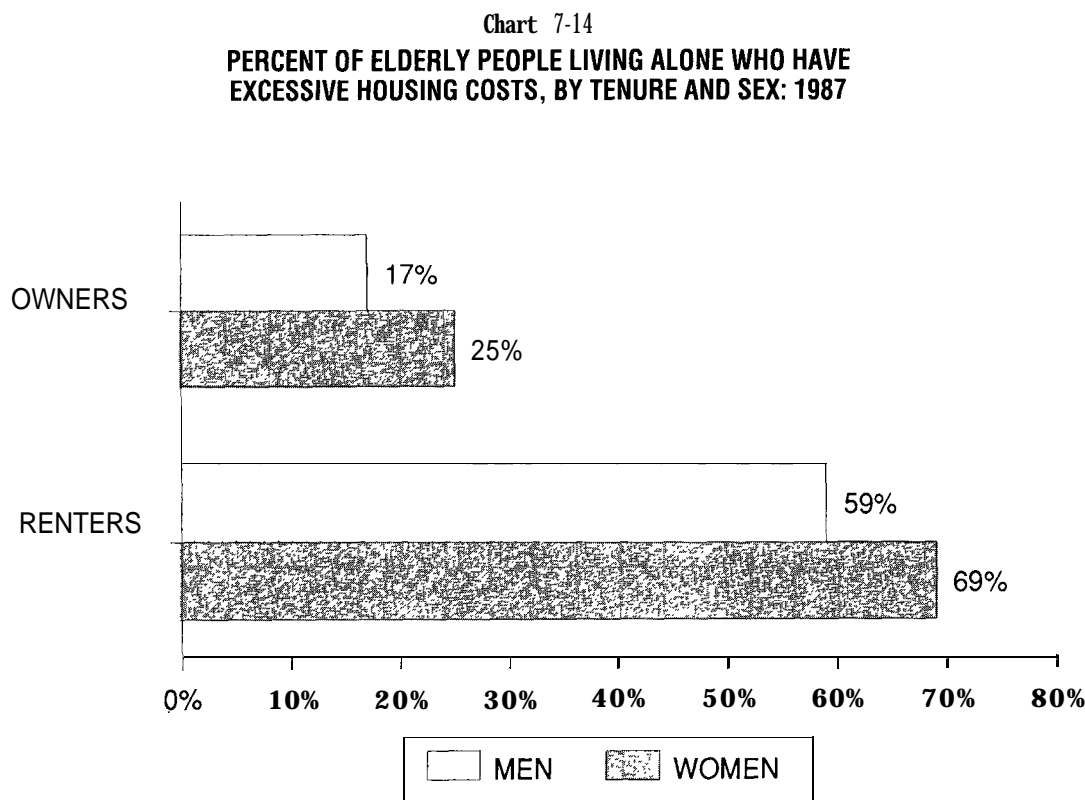


SOURCE: Bureau of the Census, 1990. Unpublished data prepared by Fu Associates.

HOUSING COSTS OF ELDERLY PEOPLE LIVING ALONE

Many elderly people who live alone must pay excessive costs for housing. According to the Department of Housing and Urban Development (HUD), renters who spend more than 30 percent of before-tax income on housing have excessive housing costs. HUD defines excessive housing expenditures for homeowners as costs in excess of 40 percent of income.

Older women who live alone are more likely than older men to incur excessive housing costs (chart 7-14). However, renters of either sex are significantly more likely than homeowners to pay excessive housing costs. For example, 25 percent of women homeowners who live alone pay excessive housing costs, compared with 17 percent of older men homeowners. Among older renters who live alone, on the other hand, 59 percent of men and 69 percent of women incur excessive housing costs.

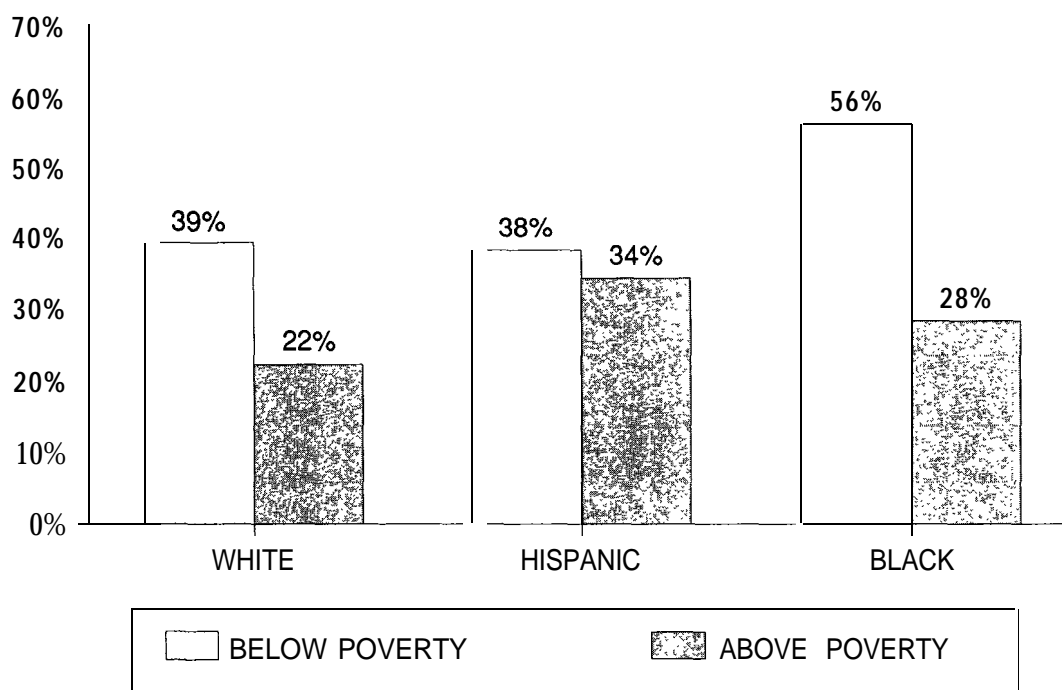


SOURCE: American Housing Survey, 1987.

HEALTH STATUS OF OLDER PEOPLE LIVING ALONE

Many elderly people who live alone report their health to be poor or fair. Among those who are poor, greater proportions report poor health status, and poor black people are at greatest risk of having poor health (chart 7-15). For example, 22 percent of non-poor whites who live alone report fair or poor health status, whereas among poor blacks who live alone, 56 percent report poor health.

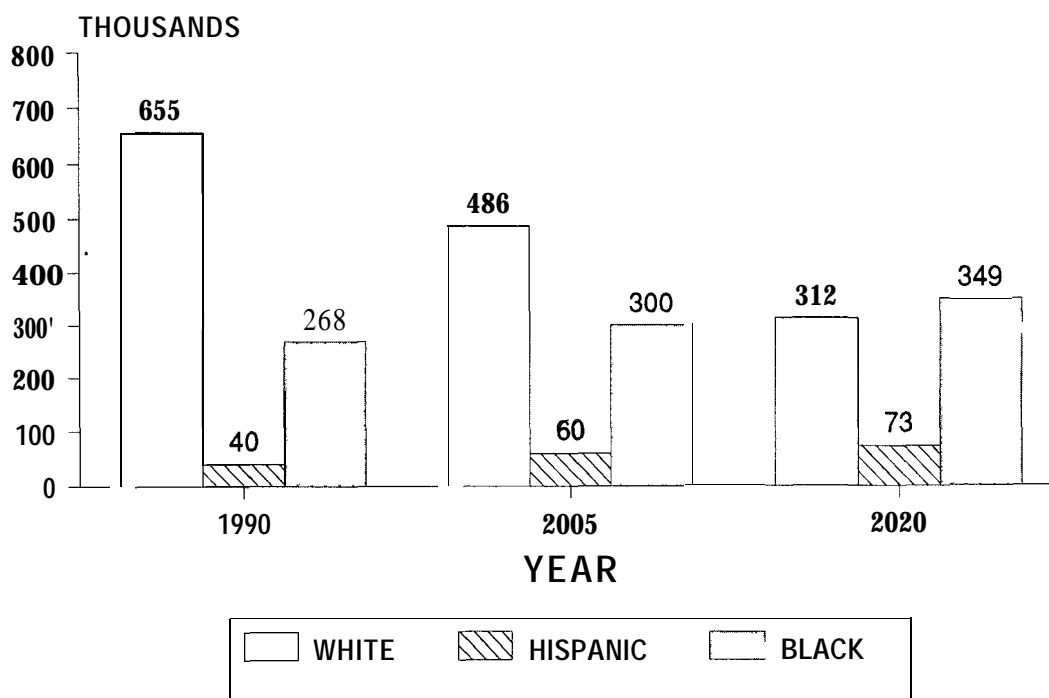
Chart 7-15
PROPORTION OF PEOPLE 65+ LIVING ALONE WHO ARE IN
FAIR OR POOR HEALTH, BY POVERTY STATUS: 1990



SOURCE: Lewin/ICF estimates based on data from the 1984 *Supplement on Aging* and the Brookings/ICF Long-Term Care Financing Model (1990).

In the future, it is projected that the health status of low-income white people who live alone will improve. Whereas the number of such people who report fair or poor health totaled some 655,000 individuals in 1990, that number is projected to decline to 312,000 people by 2020 (chart 7-16). The number of low-income minorities who live alone and report poor health, however, is expected to increase. The number of poor blacks in poor or fair health who live alone is projected to grow from 268,000 to 349,000 people, over the next 30 years. Among low-income Hispanics who live alone, the number in poor health is projected to nearly double, from 40,000 to 73,000, by 2020.

Chart 7-16
NUMBER OF ELDERLY PEOPLE LIVING ALONE WHO REPORT POOR
OR FAIR HEALTH, BY RACE AND HISPANIC ORIGIN: 1990-2020



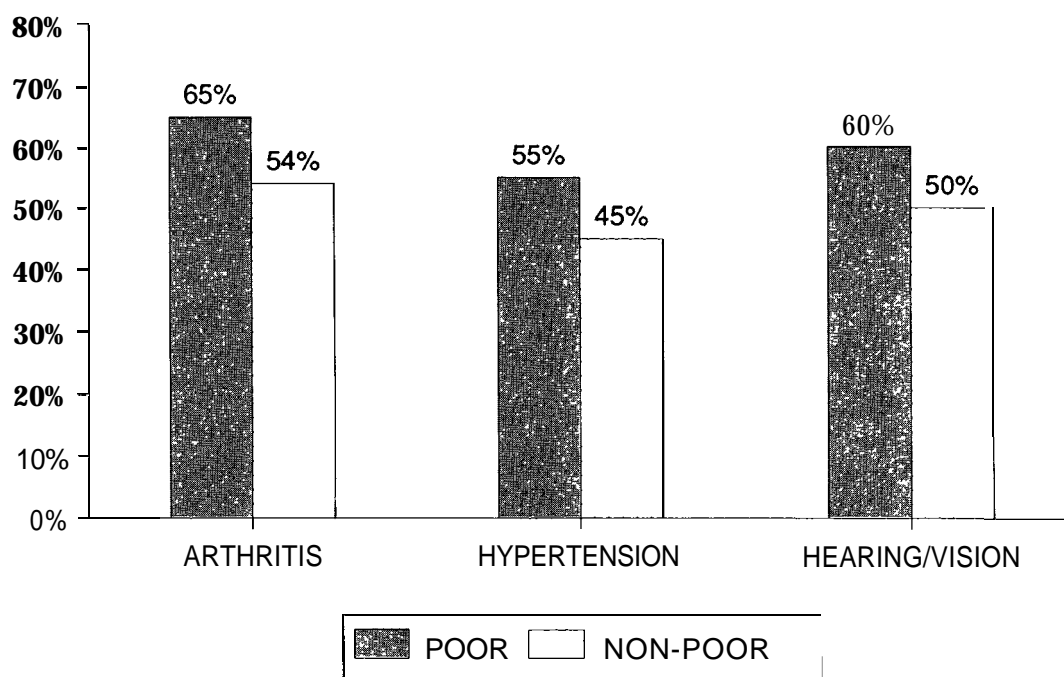
SOURCE: Lewin/ICF estimates based on data from the 1984 *Supplement on Aging* and the Brookings/ICF Long-Term Care Financing Model (1990).

CHRONIC ILLNESS AMONG ELDERLY PEOPLE WHO LIVE ALONE

A very high proportion of elderly people who live alone suffer from chronic health conditions. Those most frequently encountered include arthritis, hypertension, and hearing or vision problems (chart 7-17). Chronic health problems often result in the need for assistance with daily activities. People who live alone often must rely on family, neighbors or paid help for the aid they need to remain at home.

Chart 7-17

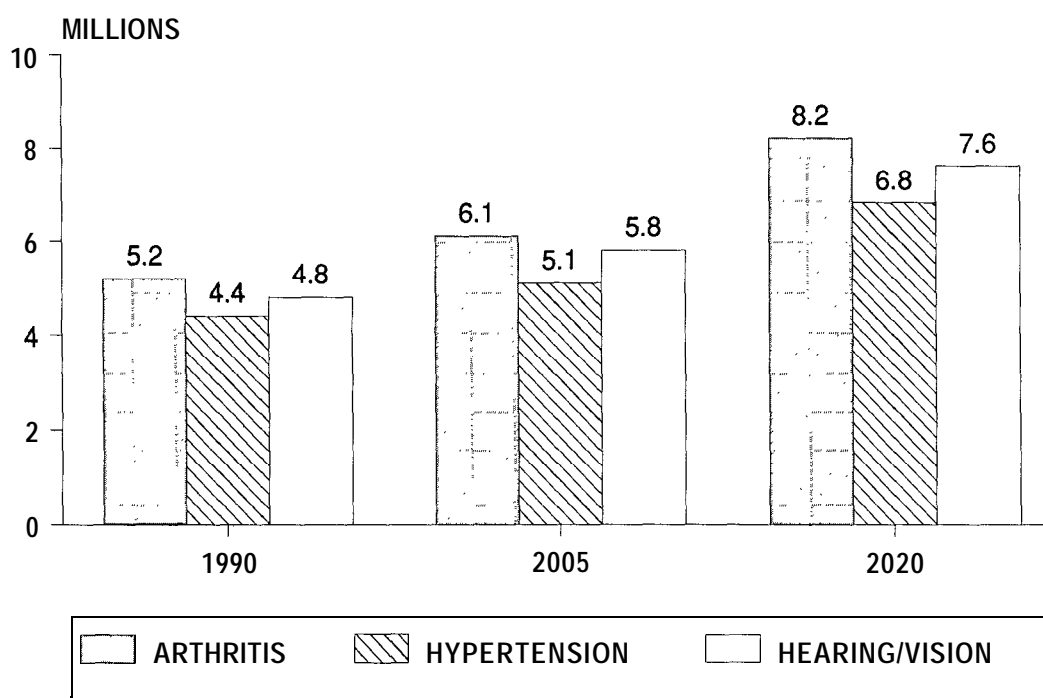
**PROPORTION OF PEOPLE 65+ LIVING ALONE WHO HAVE
SELECTED CHRONIC HEALTH PROBLEMS, BY POVERTY STATUS: 1990**



SOURCE: Lewin/ICF estimates based on data from the 1984 *Supplement on Aging* and the Brookings/ICF Long-Term Care Financing Model (1990).

As the older population increases during the twenty-first century, the number of people with chronic health problems who live alone is expected to increase (chart 7-18). (The percentage of elderly people living alone who have chronic health problems is projected to remain fairly stable.)

Chart 7-18
NUMBER OF PEOPLE 65+ LIVING ALONE WHO HAVE
SELECTED CHRONIC HEALTH PROBLEMS: 1990-2020

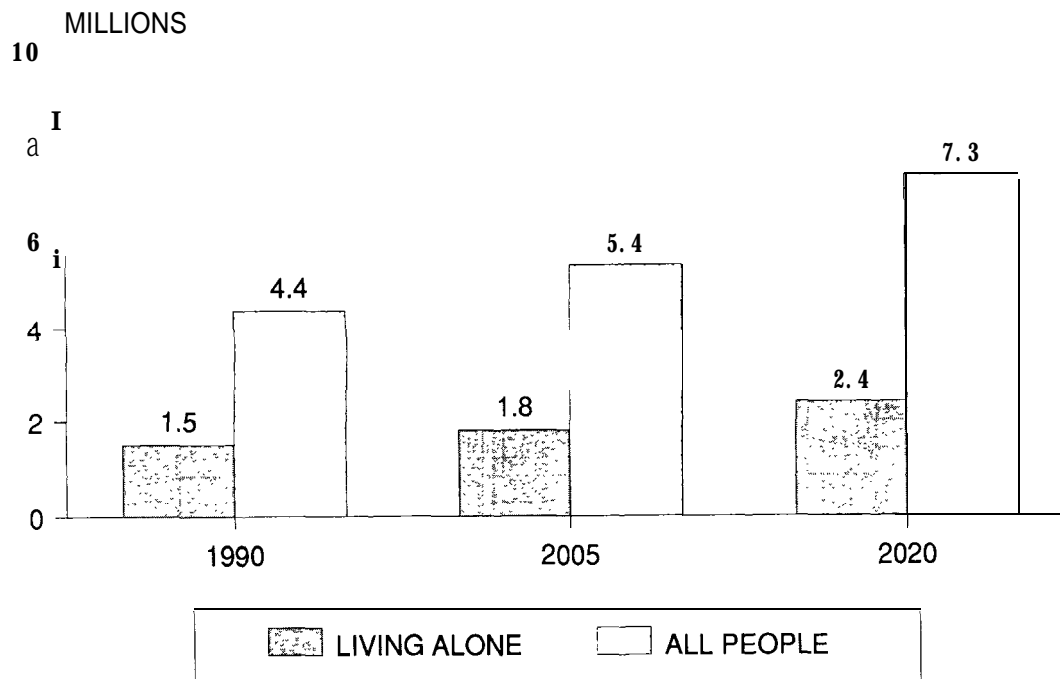


SOURCE: Lewin/ICF estimates based on data from the 1984 *Supplement on Aging* and the Brookings/ICF Long-Term Care Financing Model (1990).

ACTIVITY LIMITATIONS

Chronic illnesses often make it difficult to perform routine activities of daily living. These activities include eating, bathing, dressing, transferring, and using the toilet. About **4.3** million people age 65+ have some difficulty performing at least one daily task (chart 7-19). By the year 2020, this number is projected to grow to some 7.3 million people. Close to 1.5 million older people who have difficulty performing at least one daily task live alone; the number of people in this category is projected to grow to 2.4 million by the year 2020.

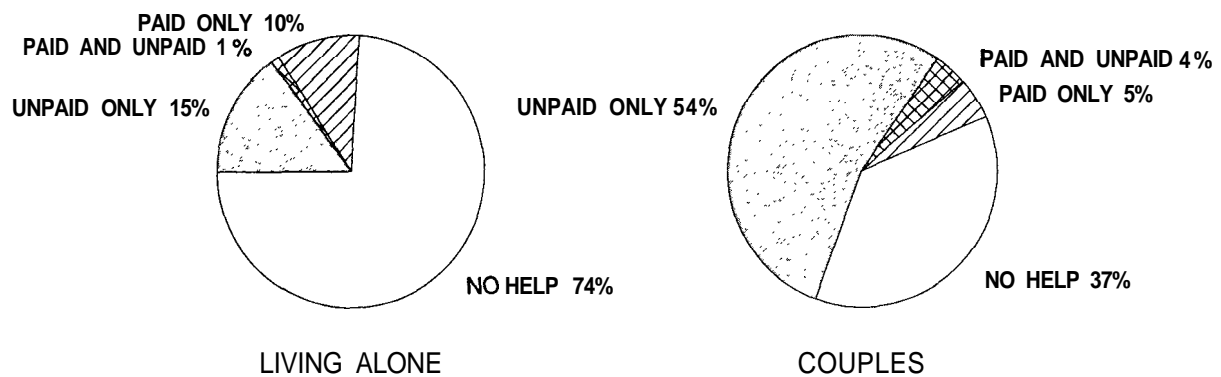
Chart 7-19
NUMBER OF PEOPLE AGE 65+ HAVING DIFFICULTY
WITH DAILY ACTIVITIES: 1990-2020



SOURCE: Lewin/ICF estimates based on data from the *Current Population Survey* (CPS) and the Brookings/ICF Long-Term Care Financing Model (1990).

Older people living alone, who experience difficulty in at least one area of daily activity, generally receive no assistance with daily tasks; while those who live with others are much more likely to receive unpaid assistance with these activities, often from a spouse. Older people who live alone are twice as likely as elderly couples to receive no help when they have difficulty with at least one daily task (chart 7-20).

Chart 7-20
**TYPE OF HELP RECEIVED AMONG PEOPLE AGE 65+
WITH ACTIVITY LIMITATIONS,
BY LIVING ARRANGEMENT: 1990**

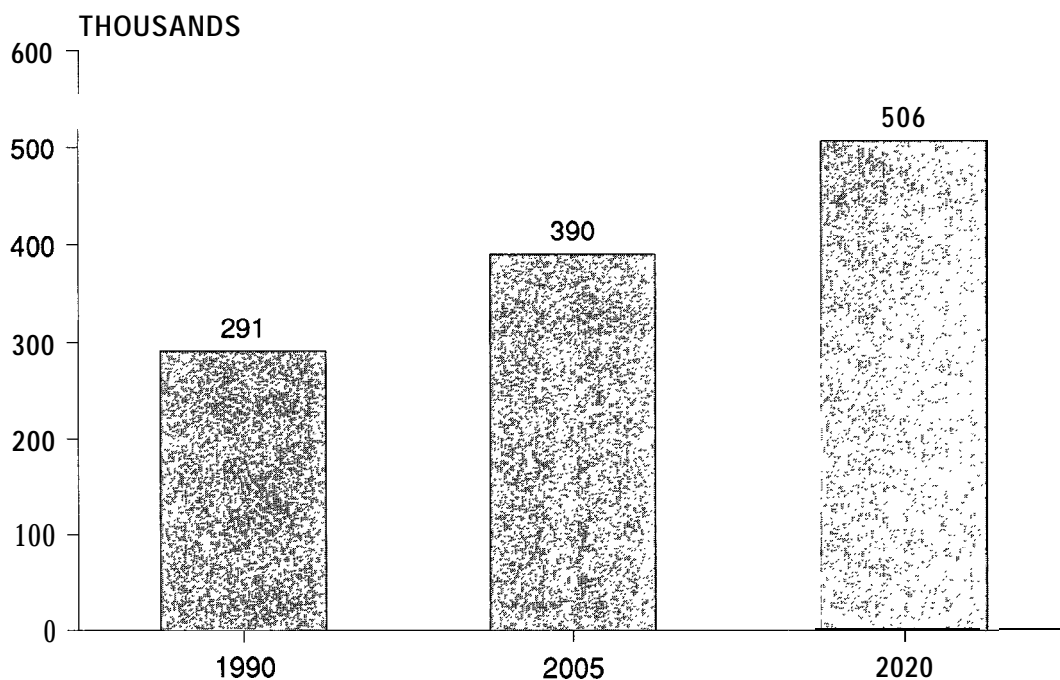


SOURCE: Lewin/ICF estimates based on data from the 1984 *Supplement* on Aging and the Brookings/ICF Long-Term Care Financing Model (1990).

INCREASING ACTIVITY LIMITATIONS

As individuals become completely unable to perform at least one activity of daily living, fewer continue to live alone. About 291,000 people age 65+ who live alone are unable to perform at least one activity of daily living (chart 7-21). By the year 2020, this number is projected to grow to **506,000** people.

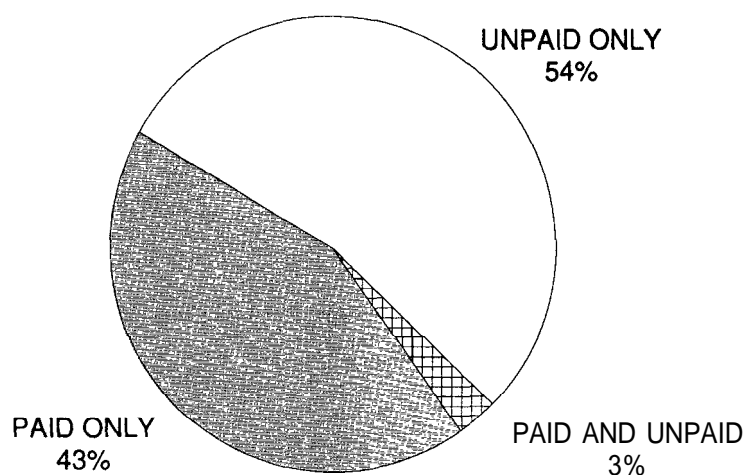
Chart 7-21
GROWTH IN NUMBER OF PEOPLE 65+ LIVING ALONE WHO ARE UNABLE
TO PERFORM ONE OR MORE DAILY ACTIVITY: 1990-2020



SOURCE: Lewin/ICF estimates based on data from the Current *Population Survey* and the Brookings/ICF Long-Term Care Financing Model (1990).

More than one-third (38 percent) of the elderly who live alone and are unable to perform at least one daily activity receive no help at all. Among older people living alone who do receive help with daily activities, more than two-fifths (43 percent) rely entirely on paid assistance for help with daily tasks (chart 7-22). Most (54 percent) rely on unpaid help, and very few (3 percent) receive both paid and unpaid assistance.

Chart 7-22
**TYPE OF HELP RECEIVED BY PEOPLE AGE 65+ LIVING ALONE AND
 UNABLE TO PERFORM AT LEAST ONE DAILY ACTIVITY: 1990**

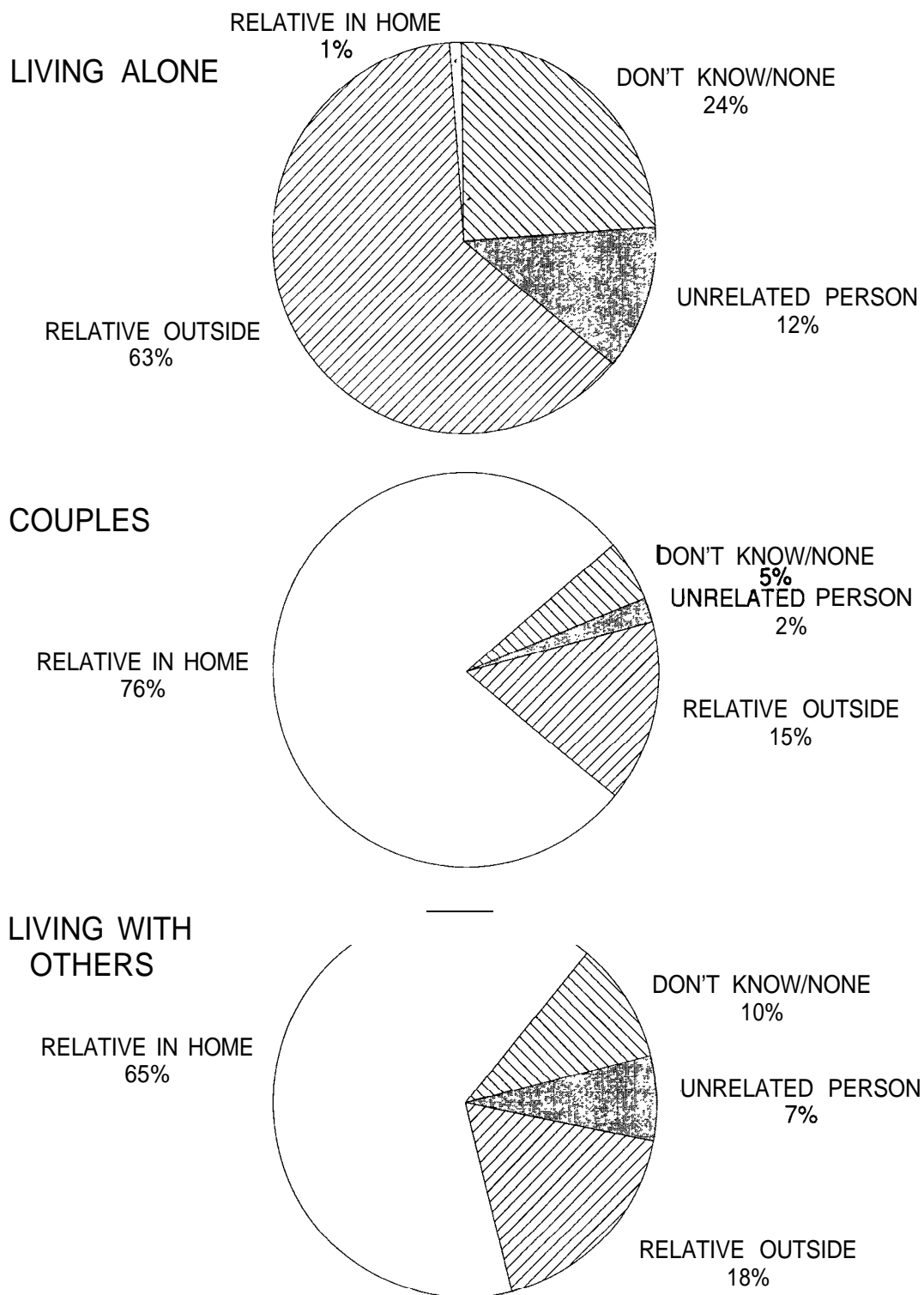


**PEOPLE UNABLE TO PERFORM
 AT LEAST ONE DAILY ACTIVITY**

SOURCE: Lewin/ICF estimates based on data from the Current *Population Survey* and the Brookings/ICF Long-Term Care Financing Model (1990).

Family members are the most frequent care-givers of older people (chart 7-23). For those who live with a spouse or with others, a relative in the home is the most frequent source of help. For elderly people living alone, a relative outside the home is the most frequent source of help. And while just 5 percent of elderly couples do not receive any help, 24 percent of elderly people who live alone receive no help or do not know whether they receive help.

Chart 7-23
SOURCES OF HELP FOR ELDERLY PEOPLE,
BY LIVING ARRANGEMENT: 1990

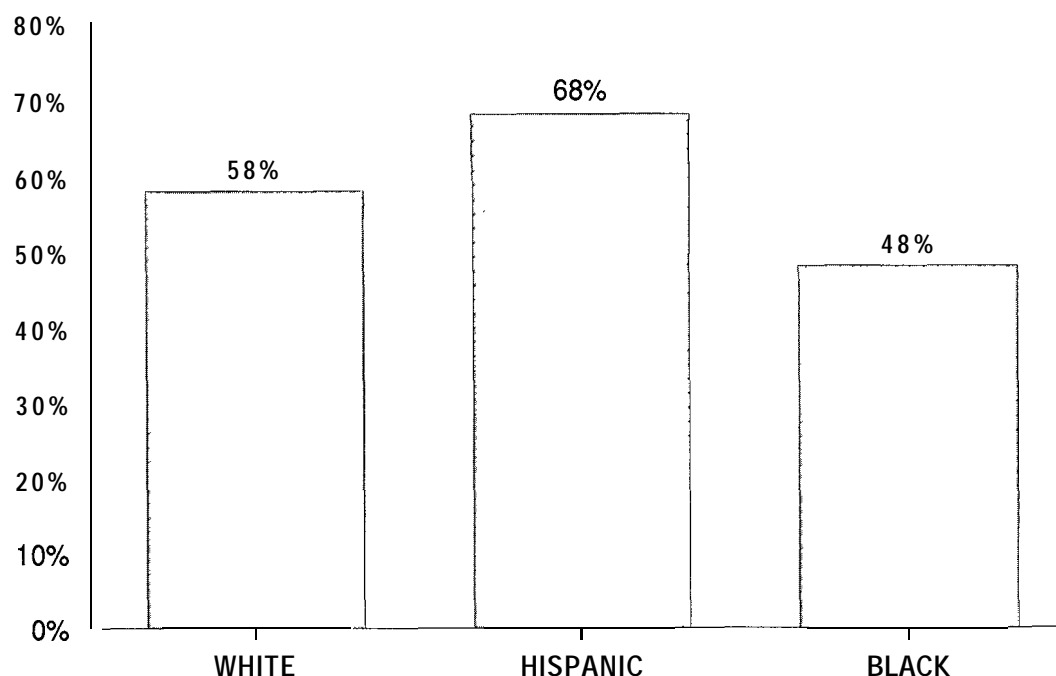


SOURCE: Lewin/ICF estimates based on data from the Current Population Survey and the Brookings/ICF Long-Term Care Financing Model (1990).

HELP FOR ELDERLY PEOPLE WHO LIVE ALONE

While many elderly people are able to rely on a spouse for assistance, those who live alone often must rely on their children. More than half (57 percent) of elderly people who live alone have a child who lives nearby (chart 7-24). Older blacks who live alone, however, are less likely than whites or Hispanics to have a child who lives nearby.

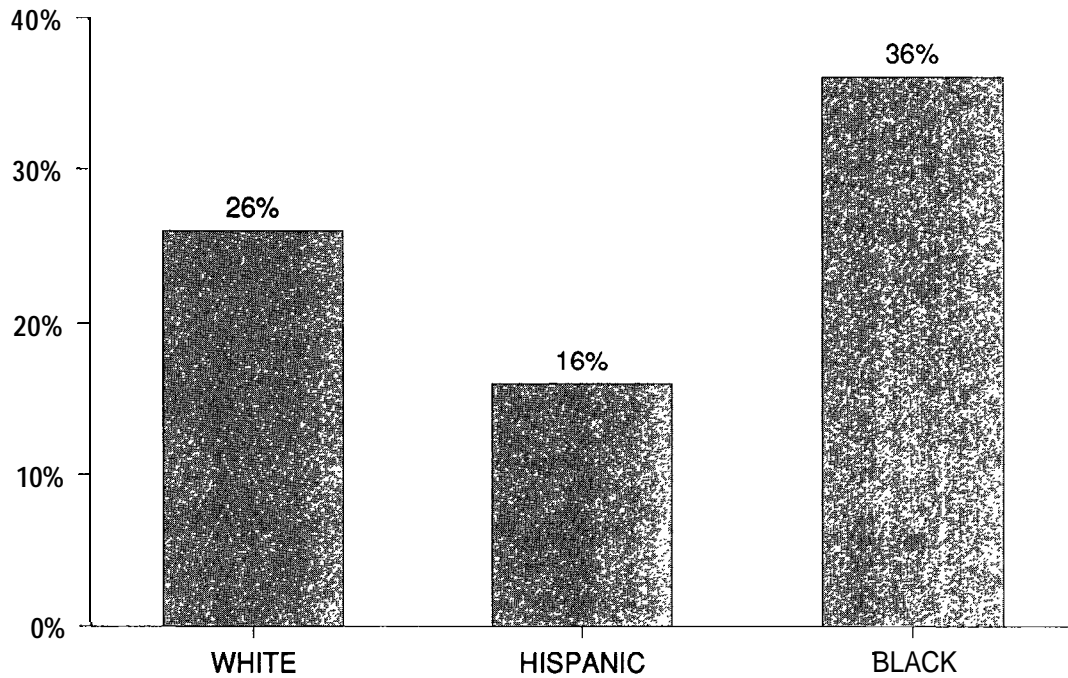
Chart 7-24
PROPORTION OF PEOPLE 65+ LIVING ALONE, WITH A CHILD
WHO LIVES NEARBY, BY RACE AND HISPANIC ORIGIN: 1990



SOURCE: Lewin/ICF estimates based on data from the 1984 *Supplement on Aging* and the Brookings/ICF Long-Term Care Financing Model (1990).

More than one in four older people who live alone (27 percent) do not have any living children (chart 7-25). These people lack the most common forms of social support in the community—spouses and children—to help them if they become ill or frail. Among blacks who live alone, more than one-third (36 percent) have no living children.

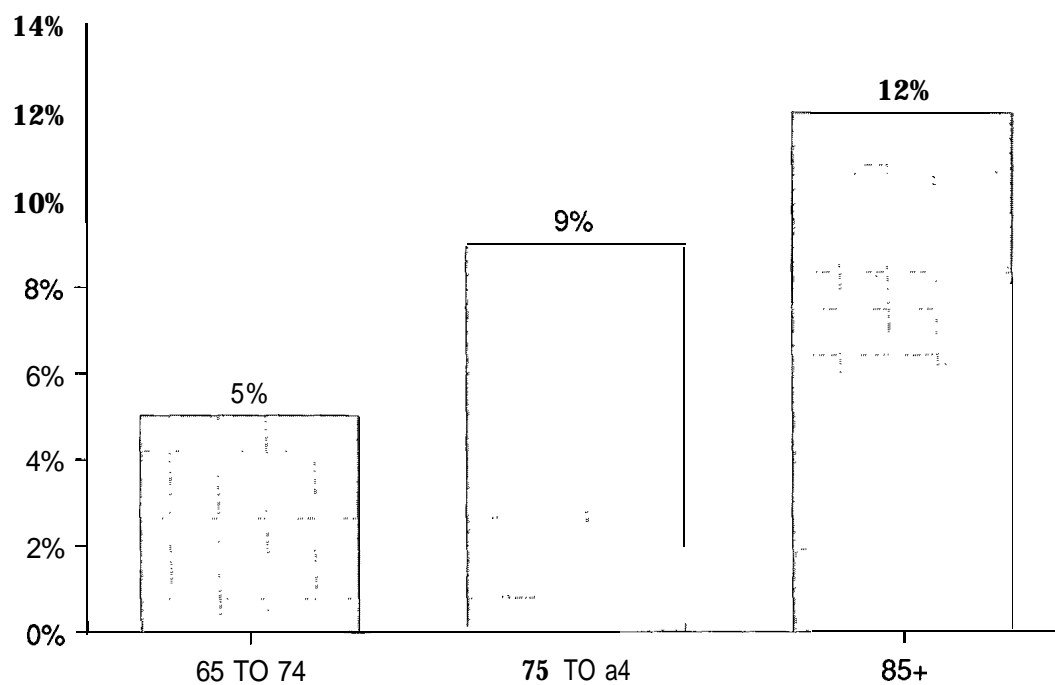
Chart 7-25
PROPORTION OF PEOPLE 65+ LIVING ALONE, WITH
NO LIVING CHILDREN, BY RACE AND HISPANIC ORIGIN: 1990



SOURCE: Lewin/ICF estimates based on data from the 1984 *Supplement on Aging* and the Brookings/ICF Long-Term Care Financing Model (1990).

With increasing age, a growing proportion of elderly people who live alone have neither a living child nor a living sibling (chart 7-26). For example, among elderly people age 65 to 74 who live alone, just 5 percent have no living child or sibling; by age 85 the proportion increases to 12 percent. Such people are at the greatest risk of needing community services to assist them as they grow increasingly frail.

Chart 7-26
**PROPORTION OF PEOPLE 65+ LIVING ALONE, WITH
NO LIVING CHILD OR SIBLING, BY AGE GROUP: 1990**



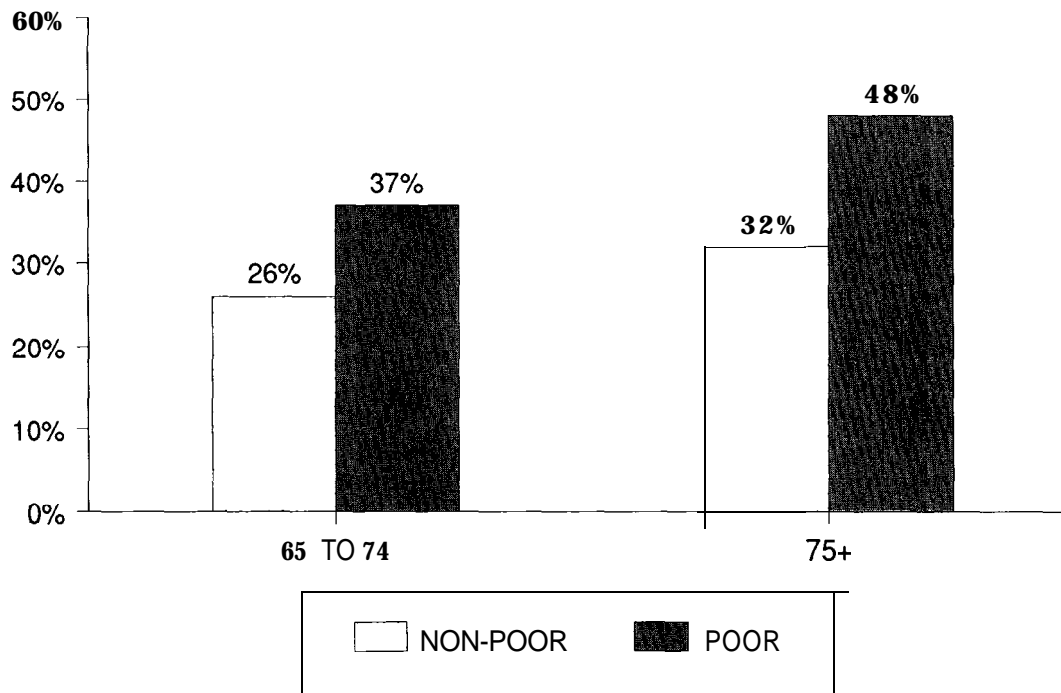
SOURCE: Lewin/ICF estimates based on data from the *1984 Supplement on Aging* and the Brookings/ICF Long-Term Care Financing Model (1990).

USE OF COMMUNITY SERVICES

Older people who live alone often must rely on community services. Such services include senior centers, special transportation, meals, visiting nurses or health aides and adult day care. Social activities, often provided through senior centers, can help lessen the social isolation experienced by many elderly people who live alone. For those who are poor, community services can provide critical care that these individuals could neither afford nor obtain from family or friends.

With advancing age, a greater proportion of the elderly who live alone use community services, and use is more prevalent among those who are poor. For example, among nonpoor elderly people age 65 to 74 who live alone, just 26 percent use community services (chart 7-27). Among those who are poor and age 75+, 48 percent use community services.

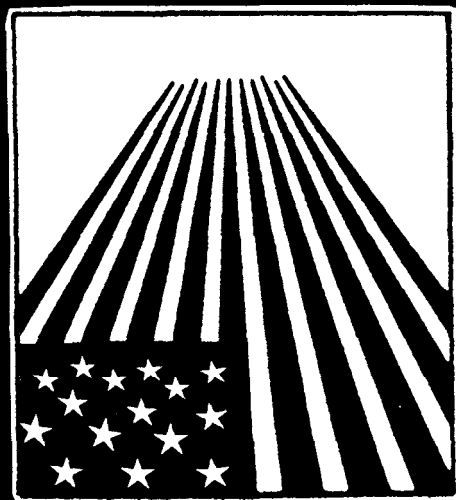
Chart 7-27
**PROPORTION OF PEOPLE AGE 65+ LIVING ALONE
 WHOSE COMMUNITY SERVICES, BY AGE GROUP
 AND POVERTY STATUS: 1990**



SOURCE: Lewin/ICF estimates based on data from the Current Population Survey and the Brookings/ICF Long-Term Care Financing Model (1990).

Chapter 8

Federal Outlays
Benefiting the Elderly

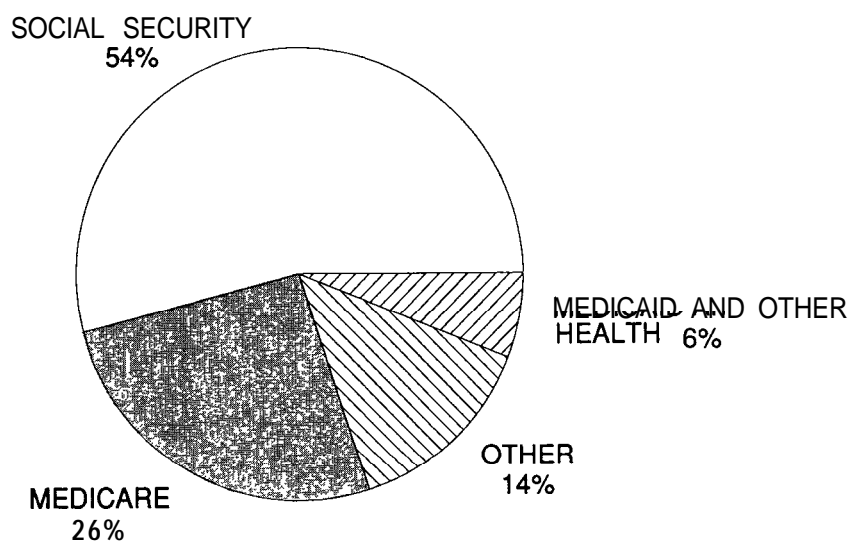


Federal Outlays Benefiting the Elderly

Since 1960, the share of the federal budget spent on programs serving the elderly has nearly doubled. In 1960, less than 15 percent of the federal budget was spent on the elderly. In fiscal year 1991, however, programs benefiting the elderly will account for just over 30 percent of the federal budget.

The long-term increase in the share of the budget spent on the elderly has occurred primarily because of legislated improvements in income protection, health insurance, and services that were enacted in the late 1960s and early 1970s in an effort to reduce high levels of poverty among the elderly. At the same time, the focus of spending on aging programs has shifted. Retirement income has declined as a percentage of federal spending. Today, about 64 percent of the budget for the elderly is spent on retirement income, compared with 90 percent in 1960. Health care spending, in contrast, has become an increasingly significant element of federal spending. For example, spending on health programs for the elderly as a proportion of all federal spending on the elderly has increased from 6 percent in 1960 to an estimated 32 percent in 1991 (chart 8-1 and table 8-1).

Chart 8-1
FEDERAL OUTLAYS BENEFITING THE ELDERLY:
1991



SOURCE: CBO Baseline and Chambers and Associates Estimates

Table 8-1
FEDERAL OUTLAYS BENEFITING THE ELDERLY: 1990-1991
(in millions of dollars)

Type of outlay	Fiscal year	
	1990	1991
Medicare.. .. .	93,510	101,949
Medicaid	14,862	16,975
Other federal health.. .. .	5,927	6,698
Health subtotal	114,299	125,622
Social Security.. .. .	194,073	207,329
Supplemental Security Income (SSI)	4,606	5,345
Veterans compensation-pensions	4,809	5,313
Other retired, disabled, and survivors benefits	29,389	30,506
Retirement/disability subtotal	232,877	248,493
Older American volunteer programs.. .. .	119	121
Senior community service employment.. .. .	346	359
Subsidized housing.. .. .	5,778	6,078
Section 202 elderly housing loans.. .. .	390	401
Farmers Home Administration housing	596	633
Food stamps.. .. .	1,292	1,385
Older Americans Act.. .. .	730	819
Social Services (Title XX)	581	588
Low-income home energy assistance	436	468
Other miscellaneous.. .. .	1,055	2,375
Other subtotal.. .. .	11,323	13,227
Total elderly outlays.. .. .	358,499	387,342
Percentage of total federal outlays	30	30

SOURCE: Calculated by Chambers and Associates for the American Association of Retired Persons.

Only excessive increases in the cost of health care threaten to further expand federal spending on the elderly into the early twenty-first century. Forecasts of the costs of pension programs over the next 50 years indicate, however, that the share of the budget devoted to pension spending will decline somewhat and remain below current levels until the beginning years of the retirement of the baby boom cohort. At that time, pensions as a percentage of federal spending will rise sharply. On the other hand, without some health care cost containment and reimbursement reform, the share of the budget devoted to health care spending will also continue to rise and may eventually surpass the cost of pensions.

MOST FEDERAL SPENDING FOR THE ELDERLY IS FOR SOCIAL SECURITY AND MEDICARE

In fiscal year 1991, an estimated \$387.3 billion of federal spending will directly benefit older Americans. Of every dollar to be spent on the elderly through the federal budget in that year, 54 cents will go to Social Security and 31 cents to Medicare and Medicaid.

Social Security and all but a portion of Medicare are financed through dedicated taxes collected for the purposes of paying retirement and health benefits. In the last two decades alone, increases in social insurance benefits have helped to cut the poverty rate among the elderly in half—from 28.5 percent in 1966 to 11.4 percent in 1989. Experts estimate that the 1989 poverty rate of 6.6 percent for families headed by older people would have risen to 39 percent if Social Security and other transfer payments had not been available. Likewise, the poverty rate for older unrelated individuals would have increased from 22 to 66 percent. Eight of every 10 older families would have fallen below the poverty level without such benefits in 1989.¹

The federal government also provides pensions and compensation in exchange for services provided by citizens to the government. It provides disability compensation and pension benefits to veterans of military service, and retirement and health benefits to its own former employees and their survivors age 65+. About 10 cents of every federal dollar spent on the elderly in fiscal year 1991 will support these programs.

A third area of federal involvement with the elderly is in providing means-tested benefits to elderly poor people who are unable, despite the existence of a universal social insurance system, to meet basic subsistence needs. Eight cents of every dollar spent on the elderly in fiscal year 1991 is expected to provide Medicaid benefits (4.4 percent), Supplemental Security Income (SSI) benefits (1.4 percent), housing (1.6 percent), food stamps (0.4 percent), energy assistance (0.1 percent), and social services to low-income individuals (0.2 percent).

The fourth area of federal spending on the elderly includes programs of general benefit to the elderly such as social, nutrition, and employment services provided through the Older Americans Act; research conducted through the National Institute on Aging; and volunteer services through the ACTION agency. Less than 1 percent of the elderly's share of the federal budget is spent on these programs.

¹U.S. Bureau of the Census. "Money Income and Poverty Status in the United States: 1989." Current **Population Reports** Series P-60, No. 168, (September 1990), and U.S. Bureau of the Census. "Measuring the Effect of Benefits and Taxes on Income and Poverty: 1989." Current **Population Reports** Series P-60, No. 169-RD [September 1990].

COSTS TO INDIVIDUALS AND FAMILIES

INCREASED FEDERAL SPENDING FOR HEALTH CARE HAS NOT REDUCED HEALTH COSTS TO OLDER AMERICANS

While the enactment of Medicare has triggered a rapid growth in federal spending for the elderly, it has not totally eliminated the health care cost burden for the elderly and their families. From a program spending \$7.5 billion in 1970, Medicare has grown to a program with \$114 billion in projected federal outlays in 1991.² Between 1975 and 1988, personal health care expenditures under Medicare have increased at an average annual rate of 14.4 percent, more than twice the rate of inflation and almost one-fourth faster than the growth in total national personal health care expenditures.³ Even with savings measures enacted in the 1980s, Medicare is still projected to grow at twice the rate of inflation or more through the end of the decade.

Despite this growth in annual spending, the gap between Medicare payments and the rising costs of health care continues to widen. Health care expenditures not paid by Medicare have been rising steadily as a percent of elderly income. By 1987, per capita out-of-pocket personal health care expenditures for people age 65+ (not including premiums for Medicare Part B and private insurance)⁴ equaled 23 percent of the median income of older women and 13 percent of the median income of older men. The elderly pay nearly **30** percent of their total health care bills out-of-pocket, excluding premium payments for Part B Medicare and private health insurance.

Medicaid was enacted to provide matching funds to the states to finance health insurance for the poor, including the elderly poor covered under Medicare. Medicaid has also grown rapidly, with federal and state fiscal year outlays rising from \$4.9 billion in 1970 to a projected \$80 billion in 1991. Federal Medicaid payments to the elderly will amount to \$17 billion in 1991, more than three times the amount spent on the elderly only a decade earlier. The portion of federal Medicaid spending attributed to the elderly has remained about the same over the last two decades—37 percent in 1974 to 38 percent in 1991.

²U.S. House of Representatives, Committee on Ways and Means. Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means (1990).

³Health Care Financing Administration, Office of National Cost Estimates. "National Health Expenditures, 1988." *Health Care Financing Review* Vol. 11, No. 4 (Summer 1990).

⁴These figures are not available from the 1987 National Health Expenditures. Estimates are based on the percent distribution of 1984 personal health expenditures per capita for people 65+ as applied to 1987 expenditure data.

SOURCES: Daniel R. Waldo, Sally T. Sonnefeld, David R. McKusick, and Ross H. Arnett, III. "Health Expenditures by Age Group, 1977 and 1987." *Health Care Financing Review* Vol. 10, No. 4 (Summer 1989). Also, Daniel R. Waldo and Helen C. Lazenby, "Demographic Characteristics and Health Care Use and Expenditures by the Aged in the United States: 1977-1984." *Health Care Financing Review* Vol. 6, No. 1 (Fall, 1984).

LONG-TERM FINANCING

THE LONG-TERM GROWTH IN FEDERAL SPENDING WILL BE FOCUSED ON HEALTH CARE COSTS

Rising health care costs, rather than spending for retirement income, account for most of the current increase in public spending on the elderly (table 8-Z). Social Security retirement and disability benefits, which grew from 2.5 percent of GNP in 1965 to 5.2 percent in 1983, are projected to decline to 4.2 percent by 2005, and then increase slightly to 5.7 percent by 2030. Other pension benefits paid from the federal budget are expected to decline from 2 percent of GNP currently to about 1.2 percent of GNP by 2030.

Table 8-2
FEDERAL PENSION AND HEALTH PROGRAMS AS A PERCENTAGE OF GNP
AND THE BUDGET: 1965-2040

Year	Pension programs as a percent of GNP ¹	Health programs as a percent of GNP ¹	Total as a percent of GNP ¹	Total as a percent of budgets
1965.....	4.1	0.3	4.4	24.9
1970.....	4.7	1.4	6.1	30.0
1975.....	6.4	2.0	8.4	37.1
1980.....	6.5	2.3	8.8	38.2
1982.....	7.1	2.7	9.7	39.6
1984.....	7.0	2.8	9.8	39.7
1986.....	6.6	3.0	9.6	39.4
1988.....	6.4	3.2	9.6	39.4
1990.....	6.63	3.13	9.7	40.4
1995.....	6.2	3.7	9.9	41.3
2000.....	5.8	4.0	9.8	40.8
2005.....	5.6	4.4	10.0	41.7
2010.....	6.0	4.7	10.7	44.6
2015.....	6.0	5.0	11.0	45.8
2020.....	6.5	5.4	11.9	49.6
2025.....	7.0	5.9	12.9	53.9
2030.....	7.1	6.4	13.5	56.3
2035.....	7.1	7.0	14.1	58.8
2040.....	7.0	7.5	14.5	60.4

SOURCE: John L. Palmer and Barbara S. Torrey, "Health Care Financing and Pension Programs." Paper prepared for the Urban Institute Conference on "Federal Budget Policy in the 1980s," September 29-30, 1983.

1 Estimates for 1984-1988 are based on CBO baseline assumptions (August 1983); forecasts for 1990 and beyond are based on intermediate assumptions of the Social Security and Medicare actuaries.

2 Forecasts for 1990 and beyond are based on the assumption that the budget accounts for 24 percent of GNP.

3 The discontinuity in the estimates of pension and health benefits as a percent of GNP between 1986 and 1990 is due to the Social Security trustees assuming that OASDI will grow at a faster rate in the late 1980s than CBO assumes, and the Health Insurance trustees assuming that Medicare will grow at a slower rate than CBO assumes.

On the other hand, health care costs will continue to grow steadily. In 1970, Medicare and other federal health programs accounted for only 1.4 percent of GNP; but by 1986, federal health spending had risen to 3.0 percent of GNP. With no change in current law, federal expenditures on health care are projected to increase to more than 6 percent of GNP by 2030.⁵ In short, if health care costs are not brought under control, federal spending on health care will equal, or even surpass, federal spending on retirement income within the next 50 years.

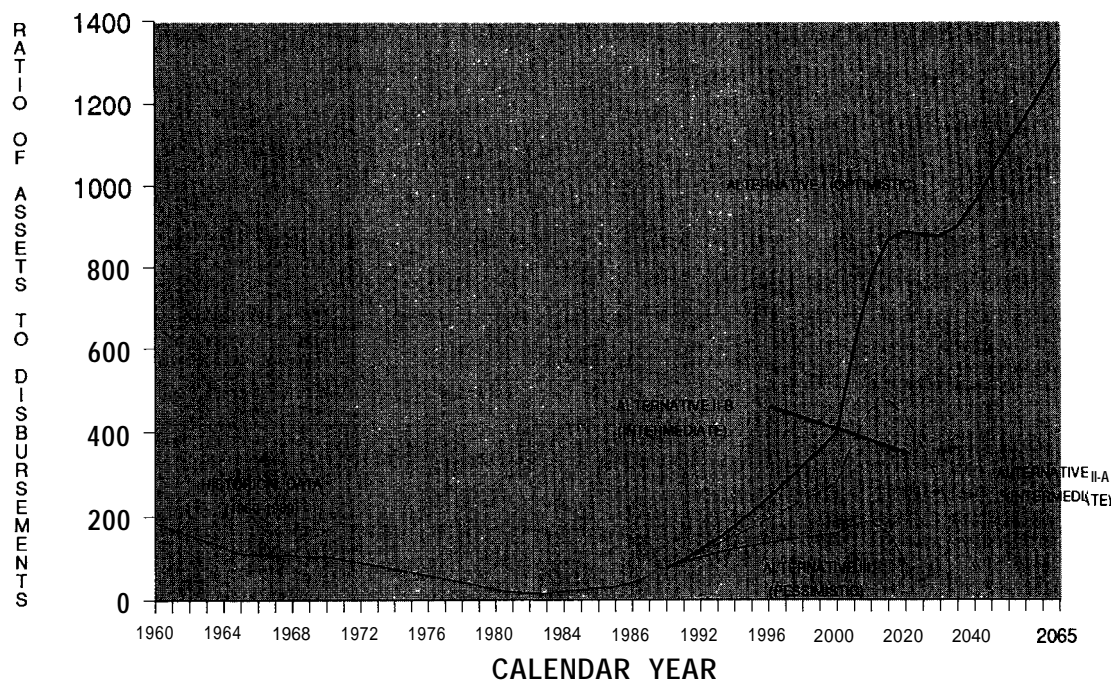
**SOCIAL SECURITY SOLVENCY IS THREATENED IN THE NEXT 75 YEARS,
AND MEDICARE FACES A DEFICIT NEAR THE TURN OF THE CENTURY**

In their 1990 report, the Social Security trustees projected that the Old Age Survivors and Disability Insurance (OASDI) Trust Funds would have a surplus until the baby boom generation begins to retire in the early part of the next century. After that, OASDI taxes are projected to fall short of expenditures. However, reserves accumulated in the early years of this period may be consumed by deficits incurred in the later years.

The OASDI program is projected to have income exceeding annual costs until about 2015 to 2020, under intermediate and pessimistic assumptions. Under the most optimistic assumptions, the combined OASDI trust funds will continue to accumulate through the year 2065 (with a brief hiatus around 2030). The intermediate and pessimistic sets of assumptions result in exhaustion of the OASDI trust funds between 2023 and 2056. Only under the more optimistic assumptions do the OASDI trust funds remain solvent through 2065 (chart 8-2). The Disability Insurance (DI) program is not in close actuarial balance, and the DI trust fund is projected to be exhausted between 1998 and 2025 under all but the most optimistic assumptions.

⁵Medicare forecasts relative to GNP are from the 1987 Report of the Trustees of the Hospital Insurance Fund.

Chart 8-2
 HISTORIC AND PROJECTED FUND RATIOS FOR **OASDI** (OLD-AGE AND
 SURVIVORS INSURANCE AND DISABILITY INSURANCE) TRUST FUNDS
 UNDER ALTERNATIVE ASSUMPTIONS: 1960-2065

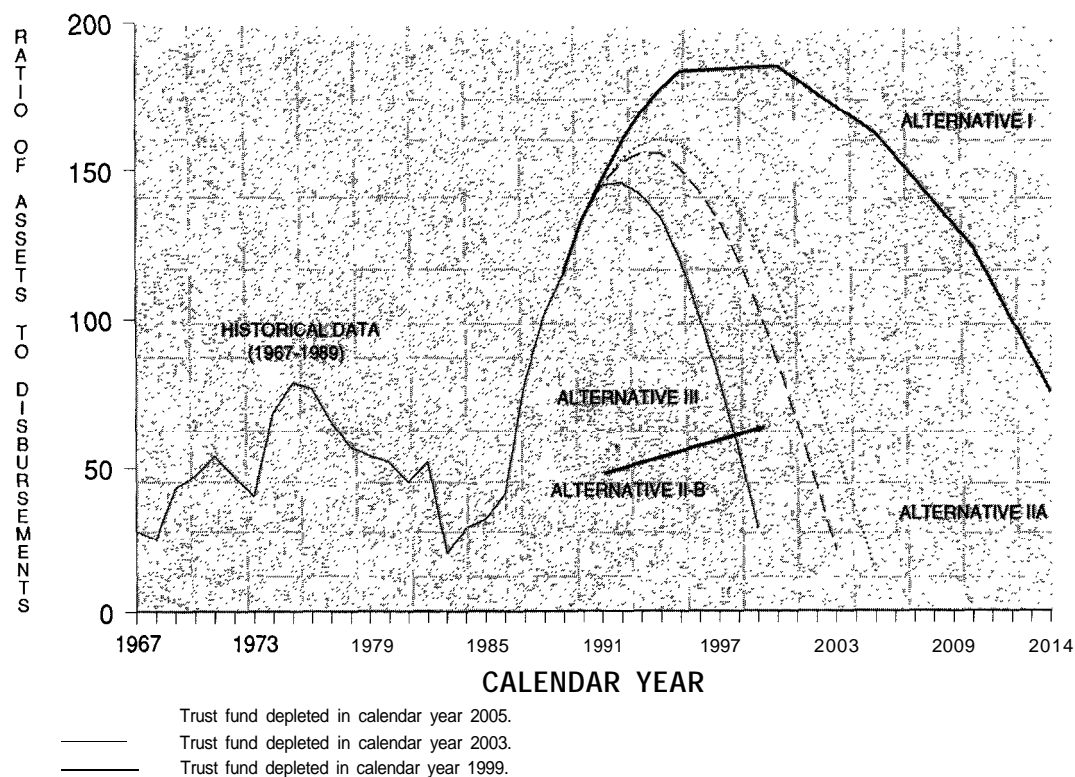


SOURCE: Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Trust Funds. 1990 Annual Report of the Board, Table 31, April 19, 1990.

NOTE: Ratio is expressed as a percentage.

Current revenues for the Medicare hospital insurance (HI) trust fund exceed expenditures. The 1990 Report of the Trustees of the Hospital Insurance Trust Fund projected that, without changes in current law, the fund was expected to become insolvent during the period 1999 to 2005 under all but the most optimistic projections. Chart 8-3 shows the trustees' projections of the ratio of annual assets to disbursements through the year 2014.

Chart 8-3
SHORT-TERM HOSPITAL INSURANCE TRUST FUND RATIOS



SOURCE: Board of Trustees of the Federal Hospital Insurance Trust Fund. "1990 Annual Report of the Board," Tables 7 and 11

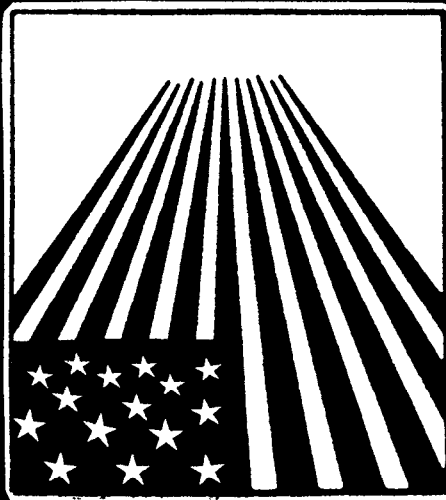
NOTE: Ratio is expressed as a percentage.

In working out the means to prevent any upcoming insolvency in the trust fund, Congress may need to make broad, system-wide changes in the Medicare program. A consensus as to the form such changes should take has yet to be reached. The 1990 Omnibus Budget Reconciliation Act increased the wages subject to the HI tax, which will extend the fund's solvency by only a few years.

Overall, the share of the federal budget going to the elderly is expected to remain fairly stable for the next two decades, as declines in the share for retirement income spending offset increases in health spending. Only then should overall spending on the elderly rise as a proportion of the budget, and then only if health costs rise unchecked in the interim.

Chapter 9

International Comparisons



International Comparisons

The phenomenon of an aging society is not unique to the United States. With worldwide advances in medical care and population control, many nations face the prospect of increasingly aged populations. The international aging trend raises concerns about the ability of the world to provide for the health and income needs of people who are living longer.

In the debate over the future of aging policy in the United States, public officials often lose sight of the similarities between problems in this country and those faced by other nations around the world. Yet, in many ways, the changes that will occur here are mild by comparison to those that can be expected in developing nations and even in other developed countries.¹

This chapter provides an overview of aging trends in a selected number of other, primarily developed, countries. Although aging populations will also be of growing concern for developing nations, and although the United States will not be unaffected by how developing countries cope with these problems, there are several reasons for focusing on developed nations.

First, data from developed nations are typically more extensive and more readily available than data from developing nations. Second, developing nations still have very young populations, on average, and thus face a much greater demand for public policies and programs that serve children and youth than for those that benefit the elderly. Finally, because developed countries are at similar stages of development, their experiences with retirement income systems, the health costs of an aging society, and related issues are potentially more relevant to an understanding of aging and its consequences in the United States than are the experiences of developing nations.

Keep in mind, however, that comparisons between the United States and other developed nations are themselves subject to limitations. Despite the fact that there is substantially more information on the elderly in the developed world, international comparisons are still often hampered by a lack of recent comparable data. Projections may not be available for similar time periods for all countries of interest. Even when comparable data exist or when data have been adjusted to permit cross-country comparisons, such data are frequently available only for a limited number of countries. Some of the information in this chapter, particularly information dealing with income and expenditures, is now a decade old and must therefore be interpreted with caution.

¹The "developed" and "developing" country categories used in this chapter correspond directly to the "more developed" and "less developed" classifications employed by the United Nations. Developed countries comprise all nations in Europe, including the Soviet Union, as well as North America, Japan, Australia, and New Zealand. All other nations of the world are considered to be developing countries.

AGE DISTRIBUTION

THE UNITED STATES HAS THE SECOND LARGEST ELDERLY (65+) AND “OLDEST-OLD” (80+) POPULATIONS IN THE WORLD

In 1990, 28 countries had more than 2 million people age 65+ and 12 countries had more than 5 million 65+.² The U.S. population of 31.6 million people age 65+ was the second largest in the world that year, following China with 63.4 million (table 9-1). The number of countries with more than 2 million elderly is projected to grow to 57 by the year 2025, at which time the U.S. population age 65+ is expected still to rank second behind China.

Table 9-1
COUNTRIES WITH MORE THAN FIVE MILLION ELDERLY (65+)
AND ONE MILLION OLDEST OLD (80+): 1990

Age and country	Aged population (in thousands)
Age 65+	
China.....	63,398
United States.....	31,560
India.....	29,518
Soviet Union.....	27,461
Japan.....	14,655
Germany*.....	11,779
United Kingdom.....	8,977
Italy.....	8,472
France.....	7,928
Brazil.....	6,430
Indonesia.....	5,655
Spain.....	5,246
Age 80+	
China.....	7,716
United States.....	7,082
Soviet Union.....	6,398
Germany*.....	2,938
Japan.....	2,824
India.....	2,389
France.....	2,119
United Kingdom.....	2,087
Italy.....	1,770
Spain.....	1,116

SOURCE: U.S. Bureau of the Census. International Data Base.

* Figures are for a unified Germany.

²Unless otherwise noted, the information in this chapter was drawn from the U.S. Census Bureau's International Data Base. We are grateful to Barbara Boyle Torrey, chief of the Center for International Research; Sylvia Quick, assistant chief; and Kevin Kinsella for their assistance in updating earlier statistics that appeared in the Census Bureau's "An Aging World," International Population Reports, Series P-95, No. 78, by Barbara Boyle Torrey, Kevin Kinsella, and Cynthia M. Taeuber (September 1987).

The updated figures from the International Data Base are for a unified Germany. Pre-1990 figures are for West Germany only.

With 7.1 million people age 80+ in 1990, the United States also ranked second in the size of its “oldest-old” population, behind the more populous China, which exceeded the United States in this category by an estimated 600,000 (table 9-1). By 2025, the number of countries with 1 million or more people age 80+ is projected to reach 30, up from 10 countries in 1990. Based on current projections, in 2025, China will still have the largest, and the United States the second largest, oldest-old populations.

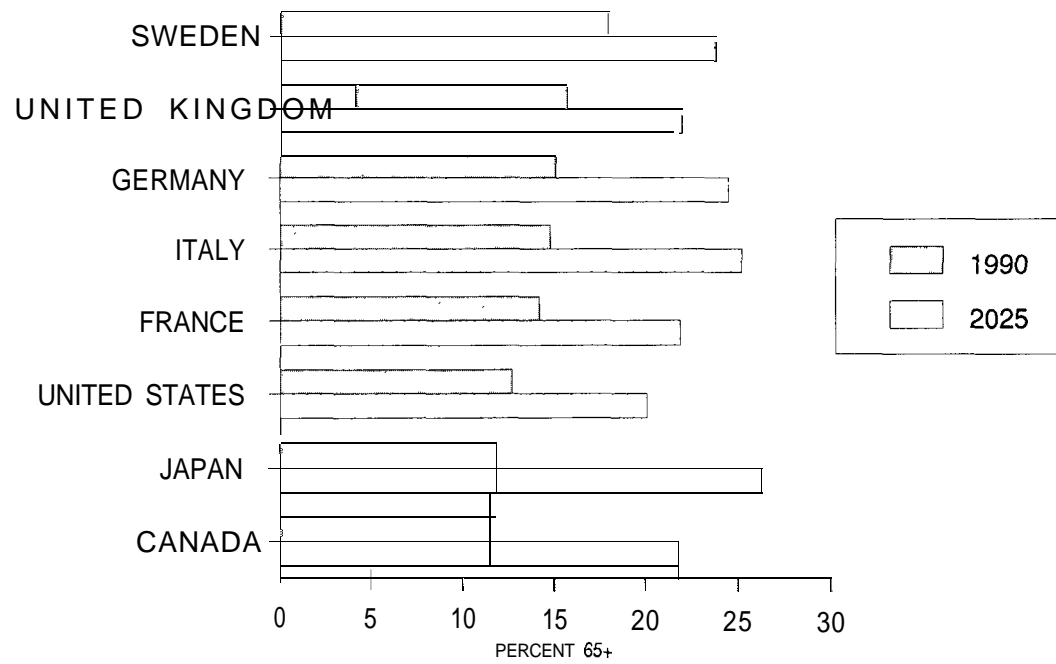
Despite its very large elderly population, the United States is one of the “younger” developed nations, at least as measured by the proportion of the population age 65+. In 1990, 12.6 percent of the U.S. population could be classified as elderly, using age 65+ as the defining age for “elderly.” This was in sharp contrast to the much smaller Sweden, whose 1.5 million elderly comprised 17.9 percent of the population. That same year, France, Germany, Italy, and the United Kingdom also had greater proportions of elderly in their populations than did the United States (table 9-2 and chart 9-1).

Table 9-2
POPULATION AGE 65+ AND AGE 80+ IN SELECTED COUNTRIES: 1990 AND 2025

Country	65+						80+					
	Number (in thousands)			Percent of total			Number (in thousands)			Percent of total		
	1990 (esti- mated)	2025 (pro- jected)	Percent change 1990 to 2025	1990 (esti- mated)	2025 (pro- jected)	Percent change 1990 to 2025	1990 (esti- mated)	2025 (pro- jected)	Percent change 1990 to 2025	1990 (esti- mated)	2025 (pro- jected)	Percent change 1990 to 2025
Canada	3,053	7,350	140.7	11.5	21.8	89.6	634	1,894	198.7	2.4	5.6	133.3
France	7,928	13,102	65.3	14.1	21.8	54.6	2,119	3,208	51.4	3.8	5.3	39.5
Germany	11,779	18,182	54.4	15.0	24.4	62.7	2,938	4,875	65.9	3.7	6.5	75.7
Italy	8,472	13,771	62.5	14.7	25.1	70.7	1,770	4,428	150.1	3.1	8.1	161.3
Japan	14,655	31,897	117.7	11.8	26.3	123.0	2,824	10,559	273.9	2.3	8.7	278.3
Sweden	1,527	2,032	33.1	17.9	23.7	32.4	375	640	70.8	4.4	7.5	70.4
United Kingdom	8,977	13,016	45.0	15.6	21.9	40.4	2,078	3,880	86.7	3.6	6.5	80.6
United States	31,560	59,713	89.2	12.6	20.0	58.7	7,082	13,658	92.8	2.8	4.6	64.3

SOURCE: U.S. Bureau of the Census. International Data Base.

Chart 9-1
PERCENT OF POPULATION AGE 65+ IN SELECTED COUNTRIES: 1990 and 2025



SOURCE: U.S. Bureau of the Census. International Data Base

DEVELOPED COUNTRIES CAN EXPECT SHARP INCREASES IN THEIR OLDER POPULATIONS IN COMING DECADES

Over the next 35 years, the elderly population will increase numerically and as a percentage of total population in developed countries throughout the world (table 9-2). Numerical increases will be especially pronounced in Canada and Japan, where the number of elderly will more than double. The United States also will experience a relatively sharp increase of almost 90 percent in the number of people age 65+.

Between 1990 and 2025, Canada and Japan also will experience sharp increases in the proportion of the population age 65+. Canada's aged proportion is expected to increase by 90 percent, while Japan's will more than double (a 123 percent increase). Over the next three decades, Japan will catch up to the rest of the developed world and then exceed it, in regard to the proportion of the population age 65+; over 1 in 4 Japanese will be elderly in 2025. Even Sweden, which is substantially older than Japan today, will be relatively younger in 2025. Still, in Sweden, almost 1 in 4 people will be age 65+ in 2025; in other developed nations, the comparable figure will range from 1 in 5 to 1 in 4 (chart 9-1 and table 9-2).

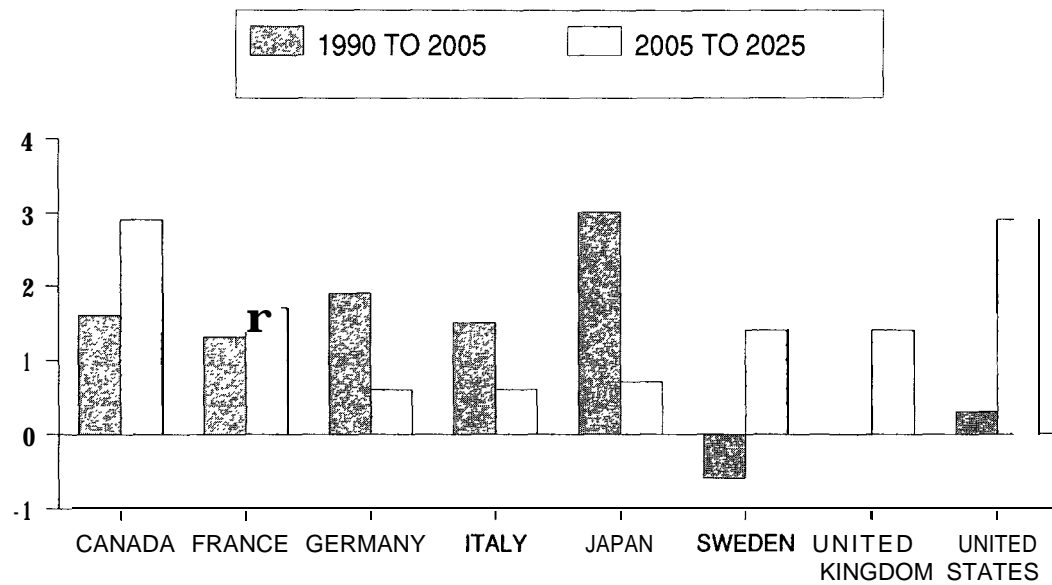
Segments of populations will age at varying rates in different countries over the next several decades. Largely as a result of the low birth rates of the 1930s, the 65 to 79 age group in the United States will increase at the relatively low annual rate of 0.3 percent between 1990 and 2005 (table 9-3 and chart 9-2). In many other countries, however, this age group will grow more rapidly during this period. For example, Japan's annual rate of growth for the population age 65 to 79 (3.0 percent) will be the most rapid in the developed world—10 times that of the United States. In contrast, negative growth rates are projected for Sweden and the United Kingdom.

Table 9-3
AVERAGE ANNUAL GROWTH RATES OF THE ELDERLY POPULATION,
BY AGE IN SELECTED COUNTRIES: 1990-2005 AND 2005-2025

Country	1990-2005		2005-2025	
	65 to 79	80+	65 to 79	80+
Japan.....	3.00	4.30	0.70	3.40
Canada.....	1.60	3.80	2.90	2.60
France.....	1.30	1.30	1.70	1.10
Germany.....	1.90	0.80	0.60	1.90
Italy.....	1.50	3.10	0.60	2.20
Sweden.....	-0.60	2.00	1.40	1.20
United Kingdom.....	-.01	2.10	1.40	1.60
United States.....	0.30	2.70	2.90	1.30

SOURCE: U.S. Bureau of the Census. International Data Base.

Chart 9-2
AVERAGE ANNUAL GROWTH RATE OF POPULATION AGE 65 TO 79 FOR SELECTED COUNTRIES:
1990 - 2005 AND 2005 - 2025



SOURCE: U.S. Bureau of the Census. International Data Base

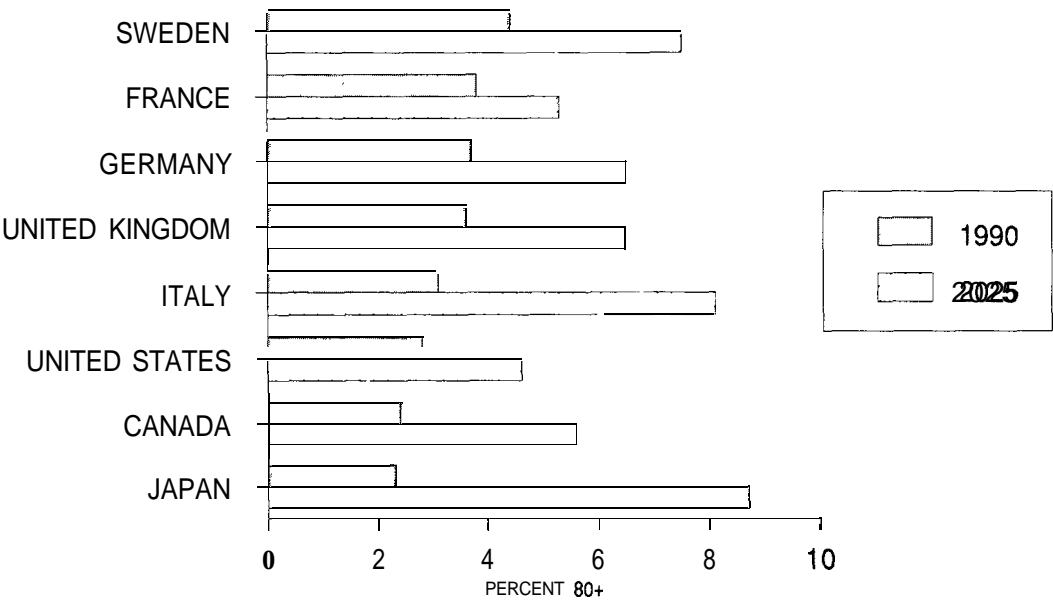
In the subsequent 20 years (2005 to 2025), the United States will experience an especially rapid rate of growth (2.9 percent per year) in its under-80 aged population, as the “baby boomers” age. In fact, the 65 to 79 age group in the United States will grow about 10 times as fast between 2005 and 2025 as it will have grown during the previous 15 years.

Between 2005 and 2025, Canada’s under-80 aged population also is expected to grow at an average rate of 2.9 percent per year, and the negative rate of growth in Sweden will be reversed. The growth rates for the under-80 aged populations of several other countries, notably Germany, Italy, and even Japan, will be more modest. In fact, a particularly striking decline in the growth rate of this age group will be evident in Japan, where, after increasing at an average annual rate of 3 percent between 1990 and 2005, the under-80 age group will increase by only 0.7 percent annually over the following two decades.

The oldest old (80+) are now only 2 to 4 percent of the populations of most countries of the developed world (table 9-2 and chart 9-3). In some countries, it is this segment of the population that will increase most rapidly in the near future. This is true, for example, in Sweden, the United Kingdom, and the United States, where low or negative growth in the population age 65 to 79 will be accompanied by annual growth rates of at least 2 percent in the 80+ population between 1990 and 2005. Canada, Italy, and Japan also can expect more rapid growth in their oldest-old populations; Japan leads the developed nations reviewed here with an average annual growth rate of 4.3 percent for the oldest old. Germany, however, will be characterized by very slow growth in its oldest-old population over the next 15 years.

No consistent growth pattern will characterize the following 20 years, although in most countries, the annual growth rate of the oldest old will be slower than that projected for 1990 to 2005. Germany will be an exception to this trend. In some countries, such as Canada, France, Sweden, and the United States, the oldest old will also grow at a slower rate than the younger elderly between 2005 and 2025, but in Germany, Italy, Japan, and the United Kingdom, the opposite will happen. Nonetheless, both numerically and as a proportion of the population, the oldest old in many nations will increase more sharply than the total aged population over the next several decades. The increase will be greatest in Japan, where the number of people age 80+ will increase by 274 percent, and the proportion of age 80+ by 278 percent. By 2025, between 5 percent and 9 percent of the populations of the developed nations will be at least 80 years of age (table 9-2 and chart 9-3).

Chart 9-3
PERCENT OF POPULATION AGE 80+ IN SELECTED COUNTRIES: 1990 AND 2025



SOURCE: U.S. Bureau of the Census. International Data Base.

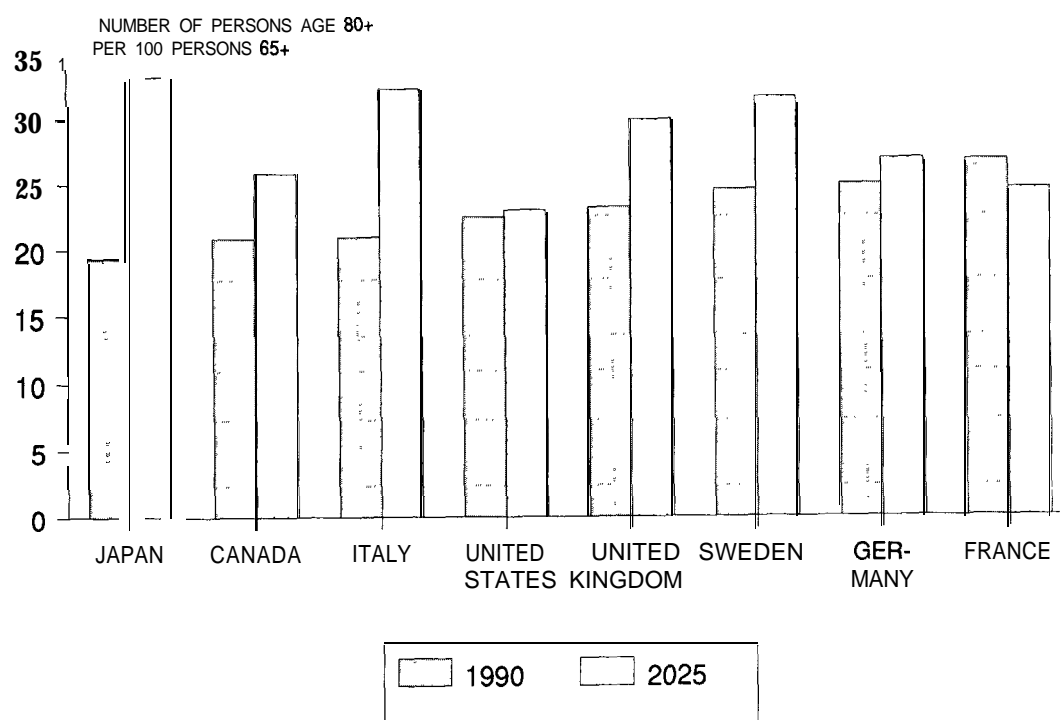
Though they will still be a relatively small proportion of the total population, the oldest old will comprise a growing proportion of the aged populations of the developed world. One of several measures of an aging population is the ratio of oldest old (80+) to the total elderly population (65+). France, with nearly 27 people age 80+ for every 100 who are age 65+, has the one of the highest, if not the highest, concentrations of oldest olds in its elderly population, followed by Germany and Sweden with 25. In the United States, the ratio of oldest old to total elderly is “only” 22, and by 2025, it should not be much higher (table 9-4 and chart 9-4). By contrast, Japan now has one of the youngest elderly populations in the developed world—19 oldest old per 100 elderly—but will have one of the oldest—33—by 2025. Italy and Sweden will follow closely behind. To the extent that health and social support costs escalate with advancing age, this shift in ratios of oldest old to all elderly indicates substantially increased demands for services for the frail elderly.

Table 9-4
RATIO OF OLDEST OLD (80+) TO TOTAL AGED POPULATION (65+)
IN SELECTED COUNTRIES: 1990 and 2025
(number of people age 80+ per 100 people 65+)

Country	Ratio (80+)/(65+)	
	1990	2025
Canada.....	20.8	25.8
France	26.7	24.5
Germany.. ..	24.9	26.8
Italy.....	20.9	32.2
Japan.....	19.3	33.1
Sweden.....	24.5	31.5
United Kingdom.. ..	23.1	29.8
United States.. ..	22.4	22.9

SOURCE: U.S. Bureau of the Census. International Data Base.

Chart 9-4
RATIO OF OLDEST OLD (80+) TO TOTAL AGED POPULATION (65+) IN SELECTED COUNTRIES:
1990 AND 2025



SOURCE: U.S. Bureau of the Census. International Data Base.

LIFE EXPECTANCY AT BIRTH IN THE UNITED STATES LAGS BEHIND OTHER DEVELOPED COUNTRIES

As of 1990, life expectancy at birth was highest in Japan-79.3 years (table 9-5). Americans born in 1990 could expect to live an average of 75.6 years, which was a lower life expectancy than that of many other developed nations. The nearly four-year difference in life expectancy between the United States and Japan has more to do with infant mortality than aging. At age 65, life expectancy is about the same in the two countries (Japanese men at that age could expect to live about six months longer and Japanese women about six months less than their counterparts in the United States in 1985). However, the infant mortality rate in Japan is about one-half the U.S. rate.

In nearly all countries of the world, women live longer than men. In the United States, Germany, and Italy, women outlive men by approximately 7 years, but in France, the gap is 8.5 years. Japan's gender gap in life expectancy at birth is among the narrowest of the developed nations-5.7 years in 1990.

Table 9-5
EXPECTANCY OF LIFE AT BIRTH, BY SEX AND DIFFERENTIAL
FOR SELECTED COUNTRIES: 1990
(in years)

Country	Both sexes	Men	Women	Difference (Women minus men)
Canada.....	77.3	74.0	80.6	6.6
France	77.6	73.4	81.9	8.5
Germany	77.2	73.4	80.6	7.2
Italy.....	78.0	74.5	81.4	6.9
Japan	79.3	76.4	82.1	5.7
Sweden	77.7	74.7	80.7	6.0
United Kingdom.....	76.2	73.2	79.2	6.0
United States	75.6	72.1	79.0	6.9

SOURCE: U.S. Bureau of the Census. International Data Base.

The result of longer life expectancy for a woman is a dearth of men in the upper ages, especially in the oldest population, a situation that has enormous consequences for the status and living arrangements of women. Reference is made frequently to the sex ratio, or number of men per 100 women. In many developed nations, there are roughly 67 men for every 100 women in the total elderly population, but in Germany—which is experiencing the effect of exceptionally high war deaths—the ratio is only 51. Of all the countries in table 9-6, Sweden had the most favorable sex ratio at age 65: as of 1990, there were 74 older men for every 100 women 65+.

Developed countries are expected to experience an improvement in the sex ratio of the elderly by the year 2025, although few countries will duplicate Germany's increase of 26 older men per 100 older women. In other developed countries, the increase will range from about 6 to 11 men per 100 women,

As unfavorable as the sex ratio is at age 65, it is even more extreme at age 80 (table 9-6). Again, the ratio is lowest in Germany, where there are only 39 men age 80+ for every 100 women. The picture is similar in the United Kingdom and France, with ratios of 42 and 44, respectively; both of these countries suffered extreme casualties during World War I that are reflected in current sex ratios.

Table 9-6
SEX RATIO OF THE POPULATION, BY AGE IN SELECTED COUNTRIES:
1990 and 2025
(number of men per 100 women in age group)

Country	1990			2025		
	All ages	65+	85+	All ages	65+	85+
Canada	97.2	71.9	52.4	95.7	77.4	59.4
France..	95.1	64.4	44.3	95.6	74.0	55.0
Germany	92.7	50.5	39.0	96.5	76.0	52.9
Italy	94.4	67.1	49.5	95.4	75.3	56.1
Japan	96.7	67.6	55.1	96.1	78.5	61.6
Sweden	97.3	74.1	53.7	97.3	79.6	61.2
United Kingdom	95.3	66.3	42.4	97.1	77.7	57.8
United States	95.4	68.7	47.1	95.5	77.1	53.3

SOURCE: U.S. Bureau of the Census. International Data Base.

EMPLOYMENT

RELATIVELY FEW PEOPLE CONTINUE TO WORK AFTER AGE 65

If any trend characterizes the developed nations of the twentieth century, it has been the decline in the labor force participation of the elderly. With few exceptions, older people in the developed world are neither working nor looking for work, and in many countries, labor force withdrawal is occurring well before workers reach age 65. This is as true of the United States as it is of other developed nations.

Nonetheless, older Americans are more likely to be in the labor force after age 65 than are older people in any other developed country except Japan (table 9-7 and chart 9-5). This is the case for both men and women, although in all countries, labor force participation rates of older women have been, and tend to remain, very low.

By international standards, U.S. labor force participation rates among those age 65+ may seem high—16 percent for men and 7.8 percent for women. In Japan, the rates are even higher for the 65+ age group—over one-third (36 percent) of men and one-sixth (16 percent) of women were still in the labor force in 1988.

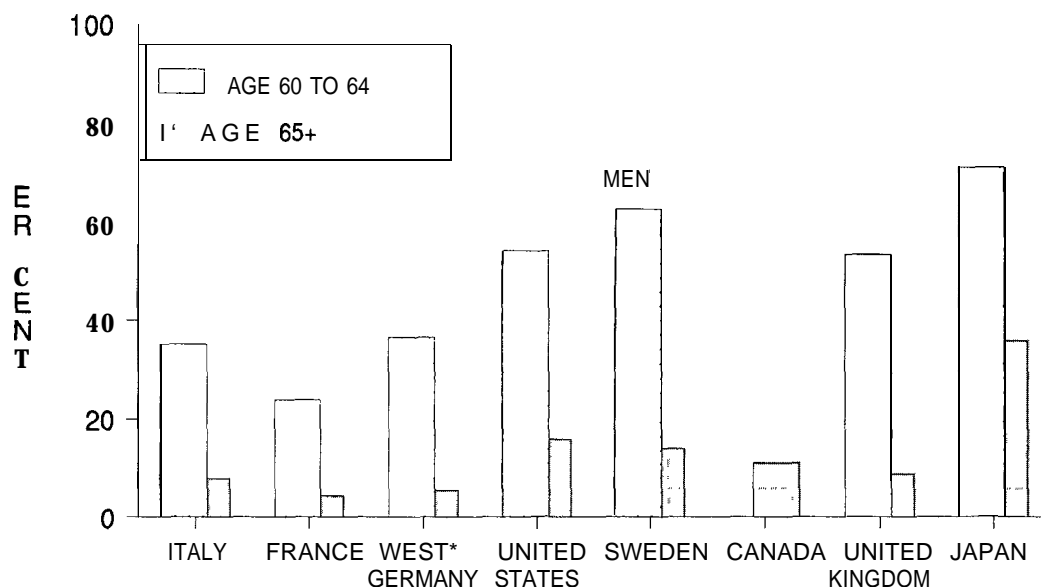
Table 9-7
LABOR FORCE PARTICIPATION RATES FOR MEN AND WOMEN
AGE 60 TO 64 AND 65+ IN SELECTED COUNTRIES: 1988

Country	Men		Women	
	60 to 64	65+	60 to 64	65+
United States	54.2	16.0	35.3	7.8
France.. ..	24.1	4.4	17.7	1.9
West Germany*. ..	36.5	5.4	11.8	2.0
Italy	35.2	7.9	9.8	2.2
Sweden	62.7	14.2	50.6	5.8
United Kingdom	53.5	8.8	22.3	3.3
Canada	—	11.0	—	4.0
Japan	71.4	35.8	39.2	15.8

SOURCE: Organization for Economic Co-operation and Development (OECD) Labor Force Statistics, 1988. Paris: OECD (1990).

* Rates for West Germany are for 1987.

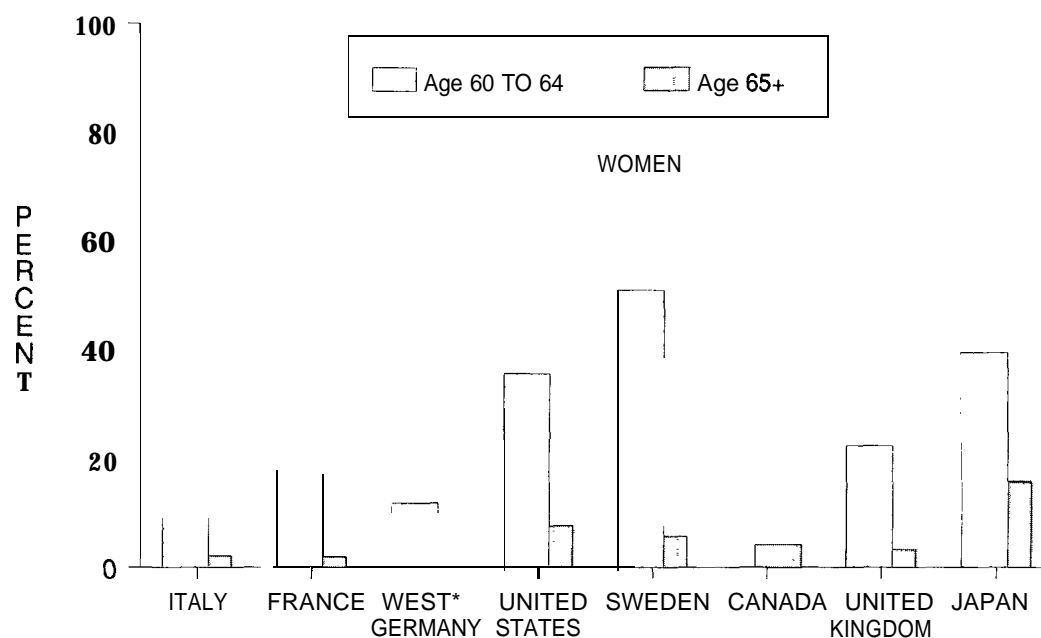
Chart 9-5A
LABOR FORCE PARTICIPATION RATES FOR MEN AGE 60 TO 64 AND 65+
IN SELECTED COUNTRIES: 1966



SOURCE: Organization for Economic Co-operation and Development (OECD) Labor Force Statistics, 1988. Paris: OECD (1990).

*Rates for West Germany are for 1987.

Chart 9-5B
LABOR FORCE PARTICIPATION RATES FOR WOMEN AGE 60 TO 64 AND 65+
IN SELECTED COUNTRIES: 1988



SOURCE: Organization for Economic Co-operation and Development (OECD) Labor Force Statistics, 1988. Paris: OECD (1990)

*Rates for West Germany are for 1987.

In all countries, men and women in their early to mid-60s are more likely than their older counterparts to be in the labor force. Once again, participation rates among men are highest in Japan (71.4 percent in 1988), followed by Sweden (62.7 percent), the United States (54.2 percent), and the United Kingdom (53.5 percent). Swedish women between the ages of 60 and 64 have a higher labor force participation rate (50.6 percent) than women of that age in other developed nations. After them come Japanese women (39.2 percent) and American women (35.3 percent).

ECONOMIC STATUS

THE U.S. ELDERLY DERIVE A SMALLER PROPORTION OF THEIR INCOME FROM SOCIAL INSURANCE THAN THE ELDERLY IN SEVERAL OTHER DEVELOPED COUNTRIES

According to the Luxembourg Income Study,³ only about one-third (35 percent) of the income of younger elderly families (between the ages of 65 and 74) in the United States and Canada came from social insurance during the 1979-81 period, in contrast to about one-half or more in some other developed countries (table 9-8 and chart 9-6). The comparable figure for young elderly West German families (67 percent) was almost double that for Americans or Canadians. In all of the countries studied, older families (75+) received more of their income from social insurance than did younger elderly; however, social insurance still contributed less to the total incomes of these elderly in Canada and the United States (less than half or 45 percent in each country) than was the case in West Germany, Norway, Sweden, and the United Kingdom. In these latter countries, social insurance accounted for over one-half to more than three-fourths of the total incomes of families whose heads were at least 75 years of age.

³Data on economic status come from the Luxembourg Income Study, as reported in U.S. Bureau of the Census, "An Aging World" (1987). In this study, 1979-81 income data from several developed nations were adjusted to internationally comparable formats. For further information, see Timothy Smeeding, Gunther Schmaus, and Serge Allegreza, "An Introduction to LIS." LIS-CEPS (Centre d'Etudes de Populations), Working Paper Series, Working Paper No. 1 (1985).

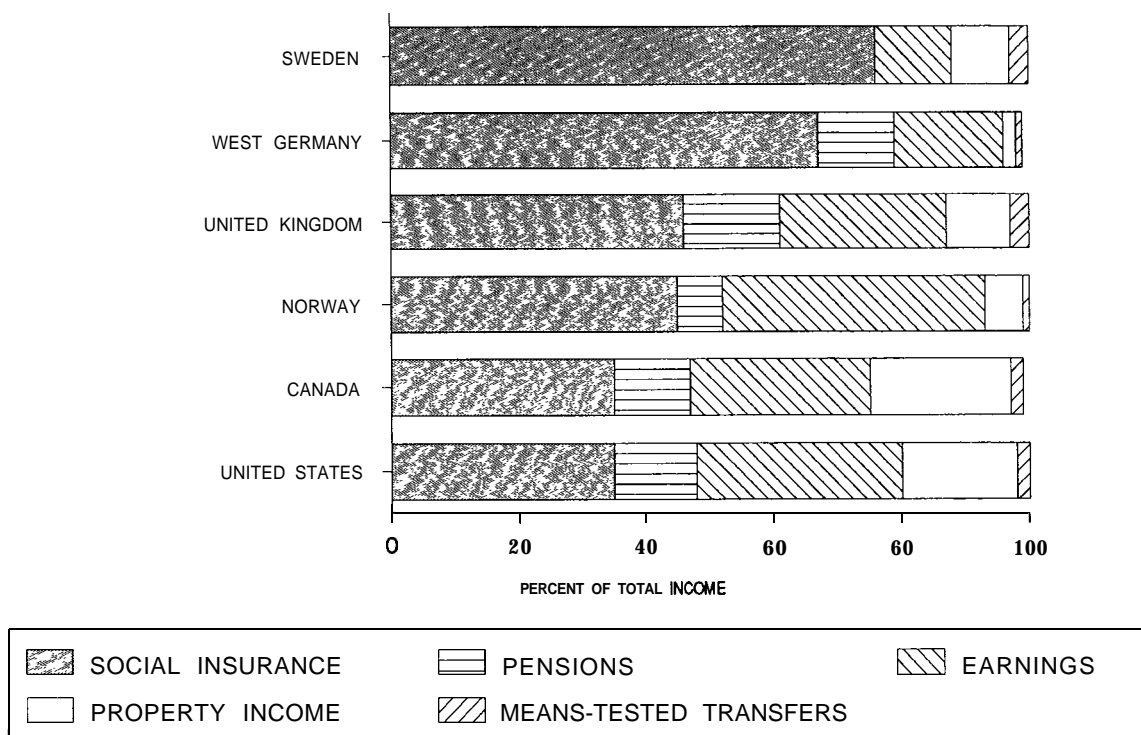
Table 9-8
COMPOSITION OF GROSS INCOME OF ELDERLY FAMILIES, BY AGE OF HEAD AND INCOME TYPE IN
SELECTED COUNTRIES: 1979-1981

Country	Year	Percent distribution by type						
		Total income	Social insurance	Pensions	Earnings	Property income	Means-tested transfers	Private transfers
Age 65 to 74								
United States.....	1979	100	35	13	32	18	2	0
West Germany	1981	100	67	12	17	2	1	0
Norway	1979	100	45	7	41	6	0	1
Sweden	1979	100	76	(X)	12	9	3	(X)
United Kingdom.....	1979	100	46	15	26	10	3	0
Canada.....	1981	100	35	12	28	22	2	0
Age 75+								
United States.....	1979	100	45	12	17	24	2	0
West Germany	1981	100	75	12	8	4	1	(X)
Norway	1979	100	75	10	6	8	1	(X)
Sweden	1979	100	78	(X)	2	13	7	(X)
United Kingdom.....	1979	100	54	12	17	10	7	0
Canada.....	1981	100	45	8	13	30	2	(X)

SOURCE: Data from the Luxembourg Income Study as reported in U.S. Bureau of the Census. "An Aging World," by Barbara Boyle Torrey, Kevin Kinsella, and Cynthia M. Taeuber. International Population Reports Series P-95, No. 78 (September 1987).

(X) Not available

Chart 9-6
COMPOSITION OF GROSS INCOME OF FAMILIES WITH HEADS AGE 65 TO 74 IN SELECTED COUNTRIES:
1979-1981 •



SOURCE: Data from the Luxembourg Income Study as reported in U.S. Bureau of the Census. "An Aging World," by Barbara Boyle Torrey, Kevin Kinsella, and Cynthia M. Taeuber. International Population Reports, Series P-95, No. 78 (September 1987).

NOTE: See Table 9-8 for dates of data collection.

Earnings and property income were a more important source of income for the younger elderly in some countries than in others. For example, earnings and property income combined contributed half of the income received by people age 65 to 74 in the United States, and almost half of the income of the same age group in Norway. Norway's younger elderly, in fact, derived a very high proportion of their income from earnings (41 percent), more than their counterparts in the United States (32 percent). Not surprisingly, in all countries, earnings as a source of income declined sharply among the population age 75+.

EXPENDITURES

U.S. PENSION EXPENDITURES ARE ABOUT AVERAGE IN THE DEVELOPED WORLD; HEALTH CARE COSTS TEND TO BE HIGHER

Support ratios, sometimes referred to as dependency ratios, serve as a rough indicator of the cost implications of changes in the age structure of a population. The total support ratio is simply a ratio of the number of young and older people to people of working age. The most common elderly support ratio compares the number of people age 65+ to all people of working age.⁴ As of 1990, total support ratios in selected developed countries ranged from about 58 in Germany to 73 in Sweden (table 9-9), which meant that there were 58 to 73 younger and older people for every 100 working-age adults. The number of elderly “dependents” ranged from a low of 19 in Canada and Japan to 31 in Sweden. Over the next few decades, the total support ratio is projected to increase only modestly in most developed countries. At the same time, however, the composition of the “supported” population will change dramatically as the elderly support ratio increases markedly.

Table 9-9
SUPPORT RATIOS FOR SELECTED COUNTRIES: 1990
(number of people in dependent age group
per 100 people in supporting age group)

Country	Total ratio (0 to 19) + 65+/ (20 to 64)	Elderly ratio (65+)/(20 to 64)
Canada.....	64.9	19.0
France	71.2	24.1
Germany.....	58.0	23.7
Italy.....	63.3	24.0
Japan	62.4	19.2
Sweden.....	73.1	31.0
United Kingdom	70.5	26.7
United States	69.9	21.4

SOURCE: U.S. Bureau of the Census. International Data Base

⁴Definitions of “young,” “old,” and “working age,” may vary across studies. In “An Aging World,” the U.S. Census Bureau used ages 0 to 19 and 65+ to define youth and the elderly, respectively. The remainder-aged 20 to 64—can be considered working age.

In the United States, 1980 public and private expenditures for medical care, pensions, education, unemployment, family benefits, and other social programs consumed a proportion of this nation's gross domestic product (GDP) about equal to that of several other major industrial countries examined by the International Monetary Fund.⁵ The exception was Japan, whose social expenditures were far below those of the other countries (table 9-10). However, the United States differed from the other countries studied in the proportion of social expenditures that came from private funding sources. In the United States the private sector was responsible for about one-third of all social expenditures, but elsewhere, nearly all of the expenditures came from government funds.

In 1980, the United States spent 8.1 percent of its gross domestic product (GDP) on pensions. While this share was nearly double that spent by Canada and Japan, it was a lower share than was spent by the European countries studied by the International Monetary Fund (chart 9-7). However, the 9.5 percent of GDP spent on medical care by the United States in 1980 accounted for a higher share of its GDP than was the case in any of the other countries; it was almost twice as high as that for Japan.

Table 9-10
SOCIAL EXPENDITURES AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT
FOR SELECTED COUNTRIES, BY TYPE OF EXPENDITURE: 1980

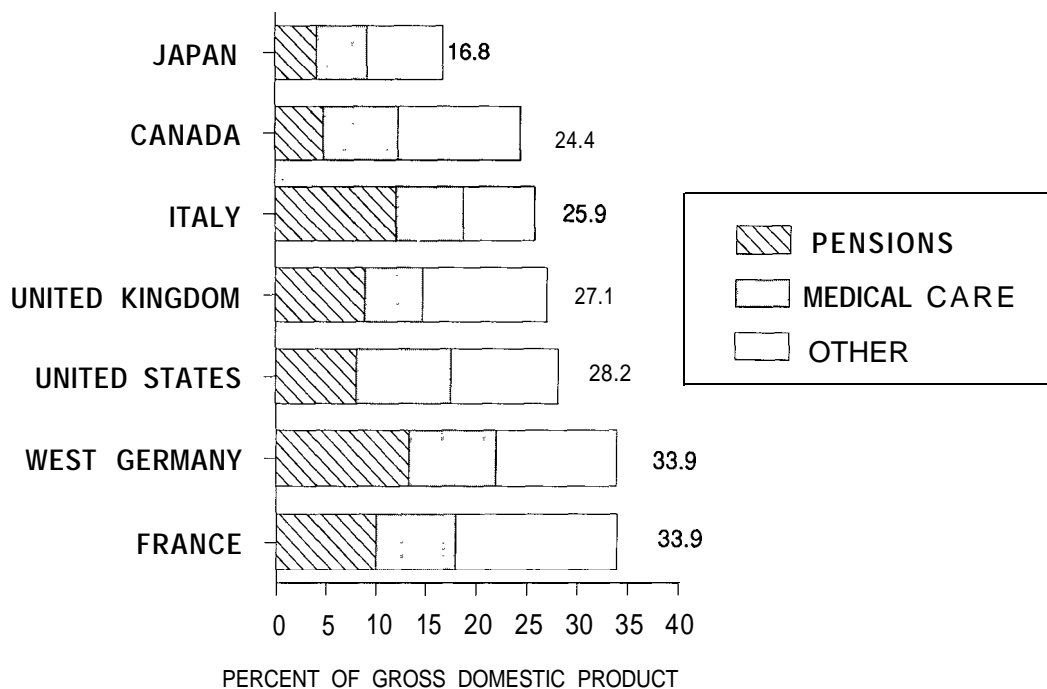
Country	Government expenditures only				Government and private expenditures			
	Total	Pensions	Medical care	Other	Total	Pensions	Medical care	Other
United States.. .. .	17.7	6.3	4.5	6.9	28.2	8.1	9.5	10.6
France	31.0	10.0	6.7	14.3	33.9	10.0	8.0	15.9
West Germany	31.1	13.3	6.1	11.7	33.9	13.3	8.7	11.9
Italy.. .. .	25.0	12.1	5.9	7.0	25.9	12.1	6.8	7.0
United Kingdom	22.9	5.8	5.8	11.3	27.1	9.0	5.8	12.3
Canada.. .. .	20.3	3.5	5.6	11.2	24.4	4.8	7.5	12.1
Japan	15.4	4.2	4.8	6.4	16.8	4.2	5.0	7.6

SOURCE: International Monetary Fund (IMF), *Aging and Social Expenditure in the Major Industrial Countries, 1980-2025*, by Peter S. Heller, Richard Hemming, Peter W. Kohnert, and IMF Staff. Occasional Paper 47 (September 1986).

⁵The information in this section comes from a report by the International Monetary Fund (IMF), *Aging and Social Expenditure in the Major Industrial Countries, 1980-2025*, by Peter S. Heller, Richard Hemming, Peter W. Kohnert, and IMF Staff. Occasional Paper 47 [September 1986].

Chart 9-7

GOVERNMENT AND PRIVATE SOCIAL EXPENDITURES, AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT FOR SELECTED COUNTRIES, BY TYPE OF EXPENDITURE: 1980



SOURCE: International Monetary Fund (IMF), *Aging and Social Expenditure in the Major Industrial Countries, 1980-2025*, by Peter S. Heller, Richard Hemming, Peter W. Kohnert, and IMF Staff. Occasional Paper 47 (September 1986).

PENSION AND HEALTH CARE COSTS WILL RISE AT DIFFERENT RATES IN MOST DEVELOPED COUNTRIES OVER THE NEXT 40 YEARS

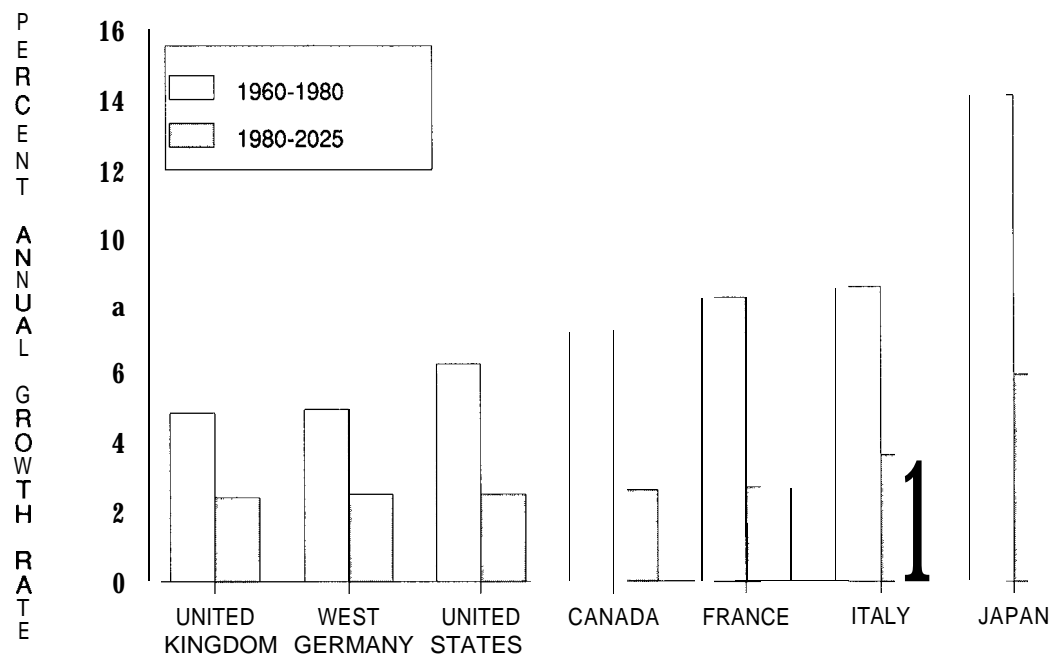
The historical and projected pension cost growth rates for the United States are a bit lower than average for the developed world. Between 1960 and 1980, real (i.e., inflation-adjusted) U.S. government pension costs grew by an average of 6.2 percent per year. Between 1980 and 2025, these costs are projected to grow at an average real rate of 2.5 percent (table 9-11 and chart 9-8). A similar slowdown in growth can be seen in other developed countries.

Table 9-11
ANNUAL **GROWTH** RATE IN REAL GOVERNMENT PENSION EXPENDITURES FOR
SELECTED COUNTRIES: 1960-1 980 AND 1980-2025

Country	1960-1 980	1980-2025
United States	6.2	2.5
France.....	8.2	2.7
West Germany..	4.9	2.5
Italy	8.5	3.6
United Kingdom	4.8	2.4
Canada	7.2	2.6
Japan	14.1	5.9

SOURCE: International Monetary Fund (IMF), *Aging and Social Expenditure in the Major Industrial Countries, 1980-2025*, by Peter S. Heller, Richard Hemming, Peter W. Kohnert, and IMF Staff. Occasional Paper 47 (September 1986).

Chart 9-8
ANNUAL GROWTH RATE IN REAL GOVERNMENT PENSION EXPENDITURES FOR SELECTED COUNTRIES:
1960-1980 AND 1980-2025



SOURCE: International Monetary Fund (IMF), *Aging and Social Expenditure in the Major Industrial Countries, 1980-2025*, by Peter S. Heller, Richard Hemming, Peter W. Kohnert, and IMF Staff. Occasional Paper 47 (September 1986).

Between 1960 and 1980, Japan's rate of growth in government pension expenditures was very high (14.1 percent per year) and between 1980 and 2025, its rate of growth in real government expenditures for pension costs is expected to be the highest of the countries examined by the International Monetary Fund. Growth rates in Japan were, and are projected to be, double or more than double the annual growth rate in almost all of the other countries studied.

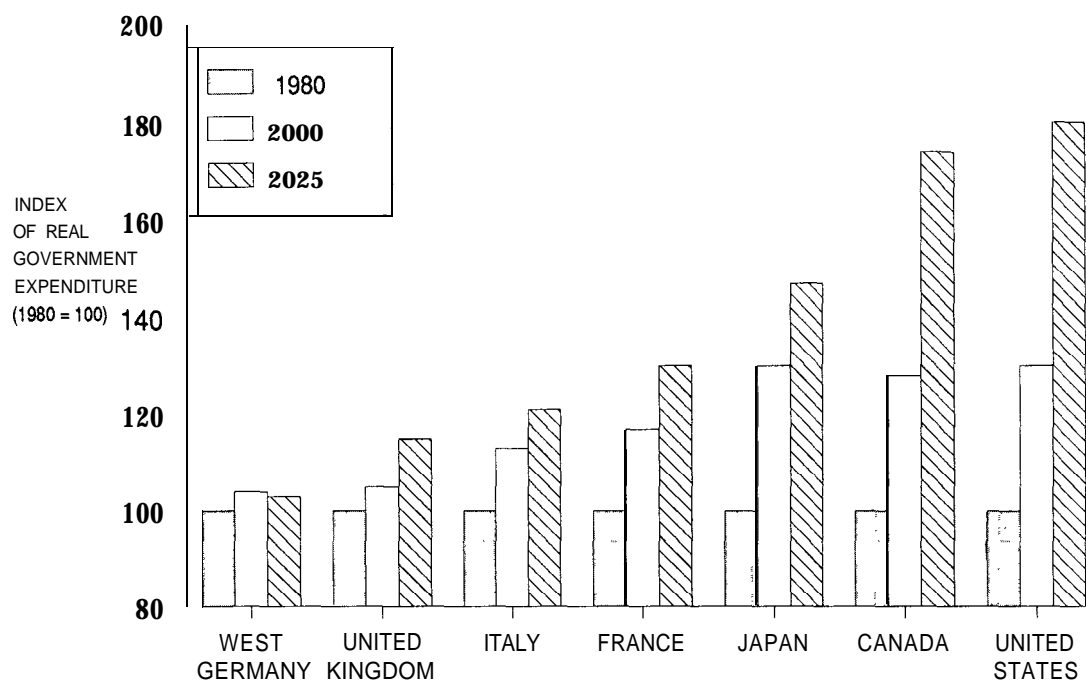
In contrast to pension expenditures, U.S. government expenditures on medical care will grow at a very rapid rate over the next several decades. For example, real government expenditures for medical care are projected to increase by 80 percent in the United States between 1980 and 2025. They will rise by 74 percent in Canada. Other countries are expected to have more modest increases (table 9-12 and chart 9-9).

Table 9-12
PROJECTED INCREASES IN REAL GOVERNMENT EXPENDITURES
ON MEDICAL CARE FOR SELECTED COUNTRIES: 2000 AND 2025
(index: 1980 = 100)

Country	Year		
	1980	2000	2025
United States.....	100	130	180
France	100	117	130
West Germany	100	104	103
Italy..	100	113	121
United Kingdom	100	105	115
Canada..	100	128	174
Japan	100	130	147

SOURCE: International Monetary Fund (IMF), *Aging and Social Expenditure in the Major Industrial Countries, 1980-2025*, by Peter S. Heller, Richard Hemming, Peter W. Kohnert, and IMF Staff. Occasional Paper 47 (September 1986).

Chart 9-9
ACTUAL AND PROJECTED REAL GOVERNMENT EXPENDITURES ON MEDICAL CARE
FOR SELECTED COUNTRIES: 1980, 2000, AND 2025



SOURCE: International Monetary Fund (IMF), *Aging and Social Expenditure in the Major Industrial Countries, 1980-2025*, by Peter S. Heller, Richard Hemming, Peter W. Kohnert, and IMF Staff. Occasional Paper 47 (September 1986).

A more recent report by the Organization for Economic Co-operation and Development (OECD) projected social expenditures for education, health, and pension programs, as well as for three age groups (0 to 14, 15 to 64, and 65+) in the United States, Canada, Japan, Australia, and eight Western European countries.⁶ According to these estimates, expenditures for education programs for the 12 countries will drop from an average of 27 percent of total social expenditures to 17 percent in 2040. Over the same period, the OECD expects that expenditures for health programs will rise only slightly, from 24 to 26 percent, but that pension expenditures will jump from 36 to 48 percent. The impact of demographic change also is reflected in the OECD's projections of social expenditures for various age groups. By 2040, the average share of social expenditures on the elderly may reach 51 percent, up from 35 percent in 1980, while the share going to youths is projected to drop from 23 to 15 percent.

CONCLUSION

Given its size, it is not surprising that the United States has more elderly than any other developed nation in the world. In fact, of all nations of the world, only China has a larger aged population. Still, when compared with other developed countries, the United States is neither especially old, nor is it aging especially rapidly (table 9-13). Europe is and for the next several decades will remain substantially older than the United States. France, Germany, Italy, Sweden, and the United Kingdom now have and will continue to have greater proportions of aged, overall. A greater percentage of their populations are and will continue to be the oldest old.

No developed country, however, is aging as rapidly as Japan. Today, Japan might be classified as relatively young: less than 12 percent of its population is 65+ and only 2.3 percent is 80+. Comparable figures for the United States and Europe are higher, but by 2025, this will no longer be true. Between 1990 and 2025, Japan's 65+ population will more than double and its 80+ population will almost quadruple.

Older people in the United States seem to work longer and receive more income from earnings and less from social insurance than the elderly in other developed countries. While U.S. government pension costs appear to be somewhat lower than average, the government's medical care costs are the highest among the major industrial countries and are expected to grow rapidly. All developed nations, however, face a shift in resource allocation from the young to the old as their populations age.

⁶Organization for Economic Co-operation and Development (OECD). *Ageing Populations: The Social Policy Implications*. Paris: OECD (1988).

Table 9-13
POPULATION 65+ AS PERCENT OF TOTAL POPULATION,
FOR MAJOR WORLD REGIONS

REGION	Percent 65+
World.....	6
More developed countries.....	12
Developing countries.....	4
Developing countries (excl. China).....	4
Africa.....	3
Northern Africa.....	4
Western Africa.....	2
Eastern Africa.....	3
Middle Africa.....	3
Southern Africa.....	4
Asia.....	5
Asia (excl. China).....	4
Western Asia.....	4
Southern Asia.....	3
Southeast Asia.....	4
Eastern Asia.....	6
North America.....	12
Latin America.....	5
Central America.....	4
Caribbean.....	6
Tropical South America.....	4
Temperate South America.....	8
Europe.....	13
Northern Europe.....	15
Western Europe.....	14
Eastern Europe.....	11
Southern Europe.....	12
USSR.....	9
Oceania.....	9

SOURCE: 1990 *World Population Data Sheet* Washington, DC: Population Reference Bureau, 1990

NOTE: Data generally for 1988, 1989 or most recently available year.

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